THE USE OF WESTERN B2B RELATIONSHIP MARKETING IN THE KINGDOM OF SAUDI ARABIA

SIMON ANTHONY DERBYSHIRE

DBA

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THE USE OF WESTERN B2B RELATIONSHIP MARKETING IN THE KINGDOM OF SAUDI ARABIA

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Abstract

The business opportunity presented by the Kingdom of Sandi Arabia (KSA) to Western MNCs is significant, but so too are the challenges. In particular, relationship marketing in KSA represents a significant challenge for Western MNCs, largely as a result of the significant differences in national culture. This is especially the case where there is a reliance solely on the Western practices of Key Account Management (KAM). Nevertheless, there remains little understanding of why Western relationship marketing practices lack efficacy in this market in enabling Western MNCs to achieve their business objectives.

This DBA aims to develop a critical investigation into B2B relationships in KSA and develop a contextualised approach to KAM across the relationship development lifecycle. It introduces relationship marketing theory with its interdisciplinary roots of social exchange theory and cultural theory. Conducting international business is fundamentally about the management of culture and cultural differences between people from different countries. Yet, existing contributions overwhelmingly support a Western business model and the cultural and societal norms that exist within individualistic societies, thereby making it of limited utility and efficacy in a Saudi context. Notwithstanding this, the extant literature has been used as a framework to guide the development of a preliminary understanding of the context.

This DBA follows a pragmatic research setting, using a sequential mixed method approach. First, the propositions from the extant literature were validated using eleven repertory grid interviews analysed using content analysis. The analysis from these interviews allows for the hypotheses to be defined and underpins the second stage of primary data collection, namely an online survey instrument, which achieved an overall response rate of 29%. Findings from the survey reveal that the different relationship constructs play a more active, or passive role, at different stages in the relationship development lifecycle.

Resulting from this research, original contributions to practice, and supporting theory, are made in three areas: First, the skills, attributes and training needed by KA managers operating in a Saudi context; Second, the adaptations needed to KAM processes and procedures in ensuring their efficacy for the Saudi market, and Third, changes needed in the relationship between Saudi subsidiary and the MNC corporate HQ organisation.

Acknowledgements

This study was made possible by virtue of the kindness and generosity of the very many friends, colleagues, customers and indeed complete strangers, in the Kingdom of Saudi Arabia, who gave freely of their time and energy. I am very grateful – '*Assalamu alaikum'.* I would also like to thank my employer for the opportunity to carry out this study.

A special debt of gratitude is owed to my supervision team; namely Dr. Matthew Sutherland and Dr. Vignesh Yoganathan. I am very grateful for their continuous support and guidance throughout the period of this study together with their patience, professionalism, encouragement and humour, all of which were needed in great measure. I would also like to acknowledge specifically the contribution they have made to my academic, personal and professional development.

On a personal note, I would like to thank my three children Jess, Charl and James, who unwittingly rekindled my desire to continue with my own education having witnessed their outstanding achievements in their chosen fields. A special thank you is owed to my darling wife, Pauline. This study and all of the other things I have achieved have been as a direct consequence of the love, commitment, selflessness and encouragement you have provided throughout our life together. I am forever grateful.

All errors, omissions, contradictions and misunderstandings are the author's own.

Declaration

I declare that the work contained in this thesis has not been submitted for any other award and that it is all my work. I also confirm that this work fully acknowledges opinions, ideas and contributions from the work of others.

Any ethical clearance for the research presented in this thesis has been obtained. Approval has been sought and granted by the Faculty Ethics Committee for conducting the repertory grid interviews on 10/02/2016, and for the use of a survey instrument on 12/10/2016.

I declare that the Word Count of this Thesis is 59,868 **words**

Name: **Simon Anthony Derbyshire**

Signature:

Date: 3/9/2018

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Glossary of terms

CL - Comparison Level

CLalt - Comparison Level Alternative

CT - Cultural Theory

DBA - Doctorate of Business Administration

KAM - Key Account Management

KSA - Kingdom of Saudi Arabia

MNC - Multinational Corporation

RM - Relationship Marketing

SET - Social Exchange Theory

Chapter One - Introduction and Background

1.0 Introduction

This Chapter provides an introduction to this DBA study. The background describes the business context for this study followed by a brief outline of the research aim and objectives together with an overview of the contributions made by this study. The rationale for adopting the theoretical concepts of relationship marketing, social exchange theory and cultural theory is provided followed by the motivation for conducting this study. This is followed by an overview of the research methodology before concluding with an outline of the forthcoming chapters that make up this thesis.

1.1 Background to the research

The area of research considered by this study is business-to-business (B2B) relationship marketing, conducted by Western multinational corporations (MNCs), in the Kingdom of Saudi Arabia (KSA).

The fundamental nature of the 2008 financial crisis created significantly greater uncertainty to countries, industrial sectors and individual MNCs (Helleiner, 2011). Since 2008 the world economy has slowly emerged from the broadest and deepest recession since the great depression of the 1920's (Melnik et al., 2015). Nevertheless, the global economy has not returned to the robust global expansion seen following previous recessions, and sustainable growth remains elusive (IMF, 2015). The economy of Europe remains stagnant (Economist, 2014), while the global economy is in a nexus of three significance forces, namely: first, the economic transformation of China in moving from export and manufacturing led growth to a stronger focus on domestic consumption. Second, is the sudden fall in commodity prices (such as steel and oil); and third, the increase in U.S. interest rates, which may well have significant global repercussions and add further to the current uncertainties (IMF, 2015).

It is set against this global economic back-drop, characterised by significant uncertainty and the risk of low and unpredictable growth for the foreseeable future that many MNCs have been forced to consider the World's developing economies as a source of profitable growth (Rogmans, 2012; Bressan & Signori, 2014). KSA is an example of such a market. It is a member of the G20,

with a substantial economy of GDP USD746Bn, growing at 3.5% in 2014 (CIA, 2014), illustrating its attractiveness for conducting trade and investment business. The Saudi economy has many contrasts and contradictions. For example, it is the 19th largest economy in the world, a member of the G20 with a per capita Gross Domestic Product (GDP) of USD24, 000. This economic performance puts Saudi on a par with South Korean and ahead of Portugal and yet it is classified as a '*developing*' country by a number of international institutions (MGI, 2015).

Before 2000, foreign direct investment was not possible in the Saudi market (Rogmans, 2012). MNCs operating in KSA before 2000 did so under specific and precisely defined circumstances (Saudi Legal, 2015), such as those operating in the defence or hydrocarbon industries, or using special purpose vehicles such as a joint venture with a governmental entity (Rogmans, 2012). The process of opening and liberalising its economy took a further step forward when, in December 2005, KSA joined the World Trade Organisation (Hain, 2011). The KSA market became accessible to foreign companies in 2000 with the enactment, on 10th April 2000, of the Foreign Investment Regulation, Royal Decree No. M/1. The Saudi Arabian General Investment Authority (SAGIA) was created on the same day, with a remit to attract and regulate the entry of foreign MNCs (SAGIA, 2015). Consequently, overseas investors no longer need to create local joint venture partnerships and can now own factories and manufacturing plants together with the associated physical assets, to 100% of the share ownership of the company, in an increasing number of sectors (Latham & Watkins, 2010).

This process of economic liberalisation took a further step forward when KSA, in December 2005, became a member of the World Trade Organisation (Hain, 2011). In addition to opening its economy to foreign direct investment, the Saudi Government is taking measures, with mixed success, to modernise and make the economy more conducive to private sector business activities (Rogmans, 2012). This economic liberalisation is evidenced by KSA's performance reported in a number of international indices, for example, the World Bank, in its '*Ease of doing business index, 2016'* ranked the Saudi economy 82nd out of 189 economies. The index ranges from 1 to 189, with one being the best, meaning that the regulatory environment is of high quality with efficient administrative

processes thereby making it conducive to business operations (World Bank, 2016). The key economic performance indicators for KSA are shown in Table 1.1 below.

Table 1.1: KSA economic performance data (2016)

Economic Indicators	KSA Economic Performance (2016 data)
Real GDP	USD 800 Billion
GDP Rate of growth	3%
Rate of inflation	~ 2.9%
Saudis out of work	660,000
Unemployment rate	12%
Net Government liquid financial assets	+USD900 billion
Share of GDP	~ 120%
Annual fiscal Balance	-USD17 Billion
Share of GDP	-2.3%

While the process of market liberalisation started in 2000, it has been slow, sporadic and a step-by-step process, very much in keeping with the risk-averse nature of the Saudis (Ali, 2009). A consequence of which has been a relatively short history of engagement by Western MNCs in the KSA market, with the result that the acquisition of the corporate knowledge necessary to engage customers, in a very different cultural context, has not had sufficient time to develop and mature as it has with more open economies. A situation that is further compounded by the cultural distance between Western MNCs and KSA customer organisations (Kandogan, 2015).

The business opportunity presented by the KSA market to Western MNCs is significant, but so too are the challenges (Ali, 2009). It is argued that an improved appreciation of social and business culture, values, behaviours, attitudes and managerial practices in KSA are important to the success of foreign MNCs operating in this market in improving relationship performance (Al-Omari, 2003). In particular, creating and maintaining relational-oriented business exchange in KSA represents a significant challenge for Western MNCs because of the challenges referred to above (Rogmans, 2012). This is especially the case where there is a reliance solely on the western practices of KAM (Saeed & Walters, 2003; Ali, 2009; Baghdadi, 2013; Bressan & Signori, 2014).

Whilst no single definitive definition exists within the existing marketing literature, building and maintaining long-term customer relationships that are mutually beneficial is the underlying recurring theme of relational-oriented business

exchange (Berry, 1983; Morgan & Hunt, 1994; Ahmed et al, 1999; Rao & Perry, 2002; Palmer, 1995; Lambe et al., 2001; Tanskanen, 2015; Finch et al., 2015). However, the role and successful use of relationship marketing techniques, such as KAM, in this market remain unclear; thence it requires a much deeper appreciation of how relationship dynamics function in practice in enhancing relationship performance (Trompenaars & Woolliams, 2003). In emphasising this point seminal writers Abbasi and Hollman (1993) and more recently Lineberry (2012), report that two out of every three expatriate personnel assigned to KSA is brought home early. Citing problems caused by a lack of acculturation, resulting from cultural clashes and a mutual failure of both the expatriate staff and local Saudis to understand each other's value systems and behavioural norms (Baghdadi, 2013).

Accordingly, this DBA study will investigate further whether the use of Western relationship marketing and selling practices, in the form of KAM, are efficacious in enabling Western MNCs to improve relationship performance with their Saudi customers.

The next Section explains the research aim and objectives for this study.

1.2 Research aim and objectives

The overarching research aim for this DBA study is provided below:

With a view to developing a more dynamic and contextualised framework, the primary aim of this DBA is to investigate the applicability of Western Relationship Marketing and Key Account Management principles for building B2B relationships in the KSA

To provide a more operational structure to this DBA study, seven *Research Objectives* will underpin the research:

1. To explore the extant literature in the areas of Social Exchange Theory (SET), Cultural Theory (CT), and Relationship Marketing theory (RM), including the use of KAM by Western MNCs in operationalising B2B relationship marketing (Chapter 2);

2. To critically review the extant literature describing the national, societal and business context of the KSA and develop an appropriate conceptual model (Chapter 2);

3. Develop a suitable two-stage sequential mixed method research design that uses repertory grid interviews to collect qualitative data to inform the design of a survey instrument in Stage 1. The survey instrument is then used to collect quantitative data in Stage 2 (Chapter 3).

4. Use appropriate tools to analyse the collected qualitative data and present outcomes from Stage 1 (Repertory Grid interviews) of the research methodology (Chapter 4);

5. Use appropriate tools to analyse the collected quantitative data and present findings from Stage 2 (Survey Instrument) of the research methodology (Chapter 5);

6. To critically evaluate the findings taken from results from the data analysis, along with the literature review in order to present contributions to practice and supporting theory (Chapter 6);

7. Present contributions from the study with an emphasis on practice and identify areas for future research (Chapter 7).

1.3 Summary of Contributions

This DBA thesis makes significant contributions to practice in four principal areas (these are discussed in finer detail in chapter 7):

Contribution 1 - Adaptations to Western KAM capabilities

Contribution 2 - A framework illustrating the cultural differences

Contribution 3 - The influence of relationship constructs by relationship stage

Contribution 4 - Dynamic conceptualisation of B2B relationships for each stage of the relationship development lifecycle

1.4 Theoretical basis

The theoretical focus of this study is situated at the intersection of relationship marketing theory with its interdisciplinary roots of social exchange theory (Finch et al., 2015) and cultural theory (Samaha et al., 2014). The academic positioning of this study is illustrated in Figure 1.1 below.

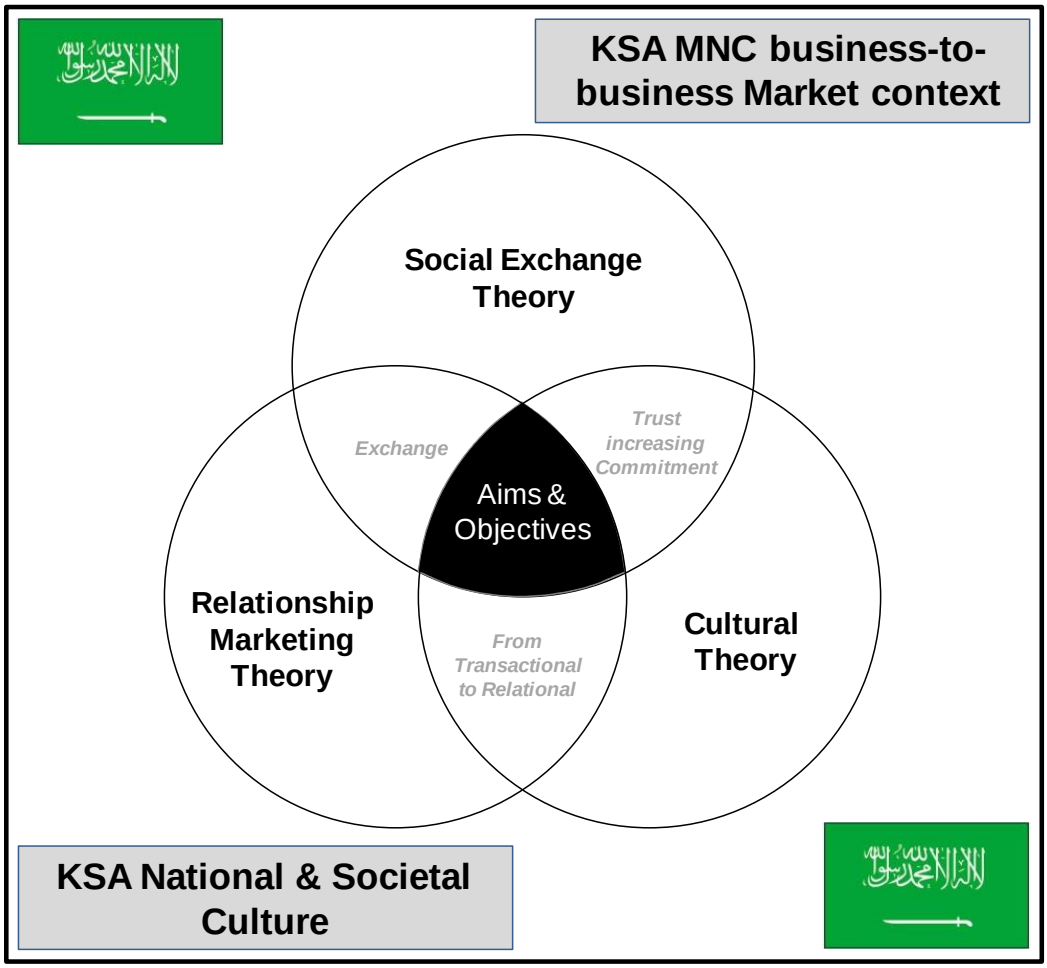


Figure 1.1: Organising framework showing the academic positioning for this study.

1.4.1 Social exchange theory (SET)

This study will use the principles of SET to explore relational development dynamics, between Western MNCs and Saudi customer organisations, in a relationship marketing B2B context. SET will be used as the key theoretical perspective to derive the critical relationship development constructs (for example trust and commitment) together with an understanding of their impact on the process and operational aspects of relational development dynamics between Western MNCs and Saudi customer organisations.

1.4.2 Cultural theory (CT)

Drive by globalisation to internationalise their enterprises, the executives of Western MNCs need to develop an understanding of cultural differences to conduct international business successfully (Al Suwaidi, 2008; Ajmal et al., 2017). The conducting of international business is fundamentally about the management of culture and cultural differences between countries (Hofstede, 1994). However, as Western MNCs and their employees, seek to operate in foreign markets and different national cultures, the assumptions, values, knowledge, attitudes, beliefs, motives, prejudices, and stereotypes that have been shaped by the country in which they have been socialised, are carried with them (Berry, 2015). Consequently, relationship building practices are based on these foreign beliefs and values carrying with them incompatible behaviours, processes and procedures which tend to prevent successful interactions with potential clients (Branzei et al., 2007). Cross-cultural interactions often, therefore, create misunderstandings and involve confusion which in turn results in the failure of the business endeavour and/or relationship (Molinsky, 2007; Ajmal, 2017).

1.4.3 Relationship marketing (RM)

RM emerged as a distinct field of enquiry when first introduced by Berry in 1983 (Berry et al., 1983). Since then it has evolved into an important theoretical concept for both researchers and marketing practitioners (Agariya & Singh, 2011; Finch, 2015).

In a B2B context, relationships are characterised by exchange between parties (Homans, 1961; Doney & Cannon, 1998 and Tanskanen, 2015), who are firms or enterprises as distinct from consumers. In the presence of trust, RM also signals a profound shift in B2B relationship dynamics moving from transactional exchange to relational exchange (Zaltman & Moorman, 1988; Gronroos, 1997; Palmatier et al., 2006). The key differences being that with relational exchange comes the ability to understand and anticipate the behaviours, motives and actions of the exchange partner, which can then translate into an increase in trust and commitment (Doney & Cannon, 1997; Parvatiyar et al., 1998; Hunt et al., 2006) and thereby enhance the performance of the relationship (Palmatier et al., 2006). For this study, the relationship marketing B2B exchange occurs between

Western MNCs operating in the Saudi market, and the Saudi customer organisations receiving their services (as opposed to products or goods).

While many Western MNCs use KAM as the means of implementing their relationship marketing strategy (Guenzi et al., 2007), no literature has been found describing its use in a KSA RM context.

1.4.4 Western MNCs operating in KSA

Closer inspection of the extant literature acknowledges that the activities of Western MNCs operating in KSA is significantly under-researched (Ali, 2009), indeed the study of management practices specifically in KSA has been ignored by researchers for the past 40 years (Ali, 2009). The little that has been written covers general topics at a regional level such as ethics (Rettab et al., 2009), Arabic work values (Riddle et al., 2007) and general management culture (Mellanhi et al., 2003). Specialist management topics such as Human Resource Management (Budhwar & Mellahi, 2007) are also addressed, but the important cultural issues that shape business activities, and that facilitate the development of successful business relationships, are absent from the extant literature.

1.4.5 Saudi national and societal Culture

Ali (2009) argues that there is a great misunderstanding of the role of culture in KSA making it impossible for foreign MNCs to develop an accurate understanding from which to develop robust business plans and marketing strategies (Ali, 2009). Mababaya (2002) concurs in stating that there is a positive correlation between the success an MNC achieves in the KSA market and their cultural responsiveness and awareness (Mababaya, 2002).

1.5 Motivation and practical benefits for this DBA research

As a Senior Manager working for a global Information Technology MNC, with its headquarters in Europe, the researcher was charged with developing and then implementing a market entry strategy for the KSA market. This activity involved accepting the position of General Manager, establishing and then growing the new wholly owned KSA subsidiary in accordance with the agreed business targets, as described in the market entry strategy. Because of this experience, the researcher has encountered, first hand, many of the issues and frustrations described in this study. Especially issues relating to cultural distance, the very different worldviews held by Western and Saudi society, and the impact this can have on the performance of business relationships. There is, therefore, a very significant personal motivation that through the medium of this DBA study a contribution is made to closing this gap from both a practice and academic perspective.

While there is a dearth of research describing Western MNCs operating in KSA (Godley & Shechter, 2008), the little that does exist illustrates the many challenges faced by Western MNCs. It is these challenges that often lead to unsatisfactory business performance and ultimately a negative perception of KSA as a market (Mababaya, 2002; Ali, 2009). Similarly, the Saudi customer organisations become frustrated by foreign companies, their behaviours and inability to understand and deliver what is required (Ali, 2009). Each develops a negative perception of the other, and this becomes a perpetual negative cycle leading to a lack of trust and commitment that irreparably undermines the performance of the business relationships.

1.6 Research Methodology

The data collection methods are adopted in a pragmatic research setting, using a sequential mixed method approach, with both qualitative and quantitative data collected and analysed using an abductive logic and an intersubjective relationship with the research process (Crotty, 1998; Teddlie & Tashakkori, 2012).

The target sample for this DBA study were Saudi nationals currently working within Saudi customer organisations and who have personal experience of working with Western MNCs as a customer, including being subject to their marketing and sales techniques.

Qualitative and quantitative data were collected using repertory grid interviews and an online survey instrument and analysed using content analysis and statistical techniques including partial least squares structural equation modelling (PLS-SEM). This is shown diagrammatically in Figure 1.2 below.

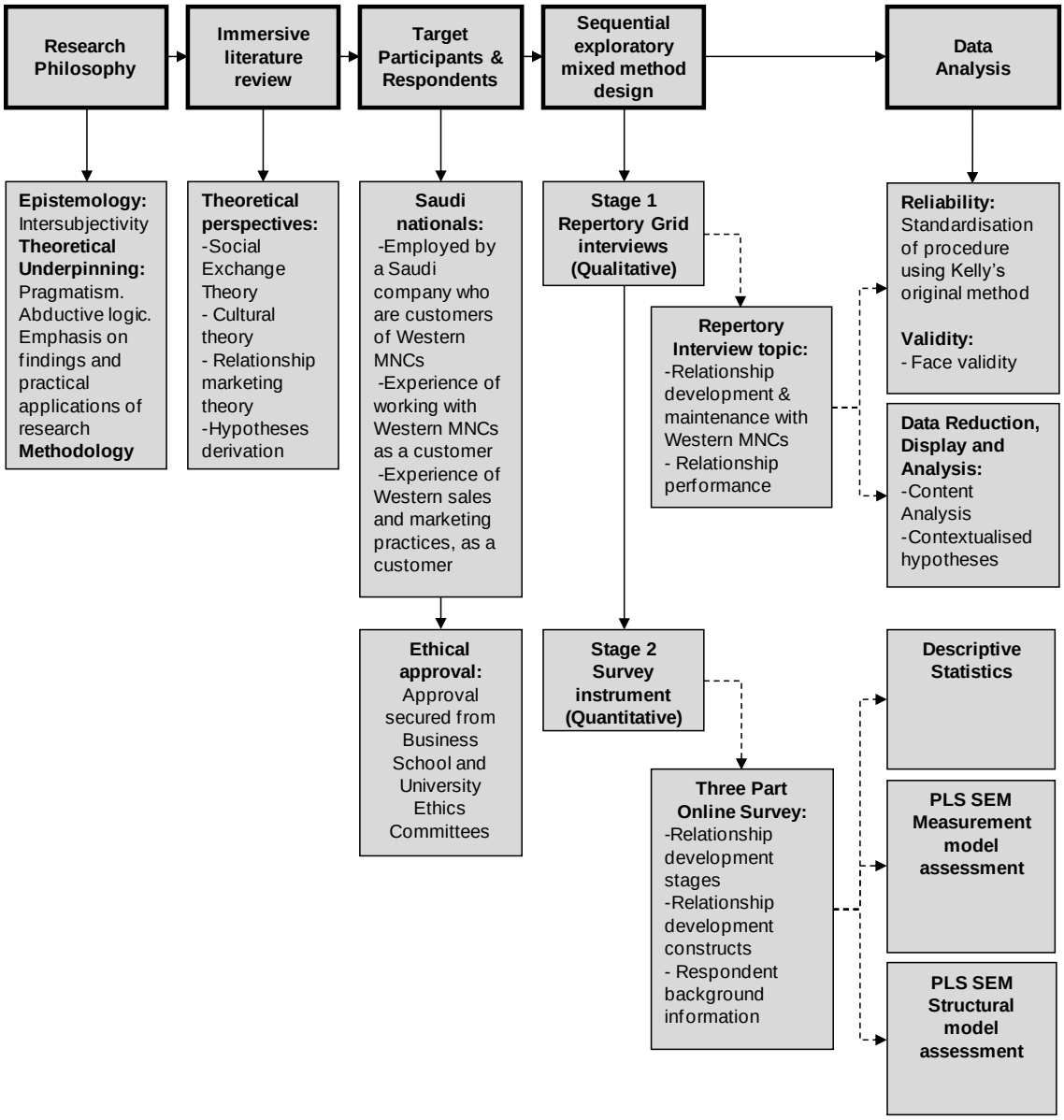


Figure 1.2 – Summary of Research Design

1.7 Thesis Structure

The introduction and background are provided in this Chapter 1 (Introduction & Background), following on from which theoretical context is provided by an immersive literature review in Chapter 2. The purpose of **Chapter 2** is to conduct a review of the extant literature in the areas of social exchange theory, cultural theory and relationship marketing theory, including the use of KAM by Western MNCs in operationalising relationship marketing. Also in **Chapter 2,** the context of this study is also described by exploring the national, societal together with the resulting business cultural of Saudi Arabia.

Next, **Chapter 3** (Research Methodology and Methods) the research methodology and methods are described, providing reasoning for the choices made and decisions taken are made explicit including those relating to the rejection of alternatives.

Chapter 4 (Stage 1 – Repertory grid interview data analysis) presents the outcome of the analysis of the qualitative data collected for this study using repertory grid interviews.

From here, **Chapter 5** (Stage 2 – Survey instrument data analysis) reports the analysis of the quantitative data collected using a survey instrument.

Chapter 6 (Discussion) presents a synthesis of the debates explored in the immersive literature review (Chapter 2), together with the analysis and findings from Chapters 4 and 5.

This thesis concludes in **Chapter 7** (Conclusion) with a review of the research aim and objectives of this study and sets out the contributions made to the practice of relationship marketing and highlights areas for future research.

The alignment of the research aim, objectives, methods and thesis chapters are provided in Table 1.2 below.

Table 1.2 – Alignment of research aim and objectives, methods and thesis chapters

Research Aim (RA)	Justification	Research Objectives	Method used to investigate RA	Data Analysis	Discussion/ Contribution
With a view to developing a more dynamic and conceptualised framework, the primary research aim of DBA thesis is to investigate the applicability of Western Relationship Marketing and Key Account Management principles in B2B relationships in the KSA.	The primary method of implementing a B2B relationship marketing strategy by Western MNCs is KAM. As KAM is developed in a Western context, this study explores if it is efficacious in a Saudi context.	Research objectives 1, 3, 4, 5 and 6	Immersive literature review (Section 3.2.1) Repertory grid interviews (Section 3.4.1)	Chapter 4	Chapter 6 (Discussion) Chapter 7 (Contribution)
	Given the significant differences in national and social culture between Saudi and the West, this study explores the different dynamics in the development of relationships including the development of Trust and Commitment	Research objectives 2, 3, 4, 5 and 6	Immersive literature review (Section 3.2.1) Repertory grid interviews (Section 3.4.1) Survey instrument (Section 3.4.2)	Chapter 4 Chapter 5	Chapter 6 (Discussion) Chapter 7 (Contribution)
	Given the Western origins of KAM and the significant national and social, cultural differences between Saudi and the West, it is posited that Western practice needs to change to improve relationship performance.	Research objectives 5 and 6.	Immersive literature review (Section 3.2.1) Repertory grid interviews (Section 3.4.1)	Chapter 4	Chapter 6 (Discussion) Chapter 7 (Contribution)

1.8 Chapter Summary

This chapter began by describing the background and business context for this DBA study. From here the theoretical concepts of relationship marketing, social exchange theory, and commitment-trust theory were introduced to provide the theoretical foundation for this study. A brief outline of the research aims and objective was provided followed by an overview of the methodology. The motivation and significance of this research were recognised before concluding with an outline of the forthcoming chapters that make up the study.

Chapter Two – Literature Review

2.0 Introduction

The specific purpose of this Chapter is to initially explore the extant literature in the areas of social exchange theory (SET), cultural theory (CT), and relationship marketing (RM) theory, including the use of KAM by Western MNCs in operationalising B2B relationship marketing. Then, to critically review the extant literature describing the national, societal and business context of the Kingdom of Saudi Arabia.

This chapter begins with a review of the contributions made by SET and CT to RM theory. RM theory is then explored with an emphasis on the relationship development lifecycle and relationship constructs. The chapter concludes by developing propositions and an initial conceptual model.

2.1 Social Exchange Theory (SET)

In this Section, as shown in Figure 2.1 below, the fundamental contribution of SET to relationship marketing in a Western B2B context is examined. The theoretical basis of SET is considered, before defining its foundational tenets. SET in B2B exchange is then examined before concluding with the identification of the key relationship development constructs form the extant SET literature.

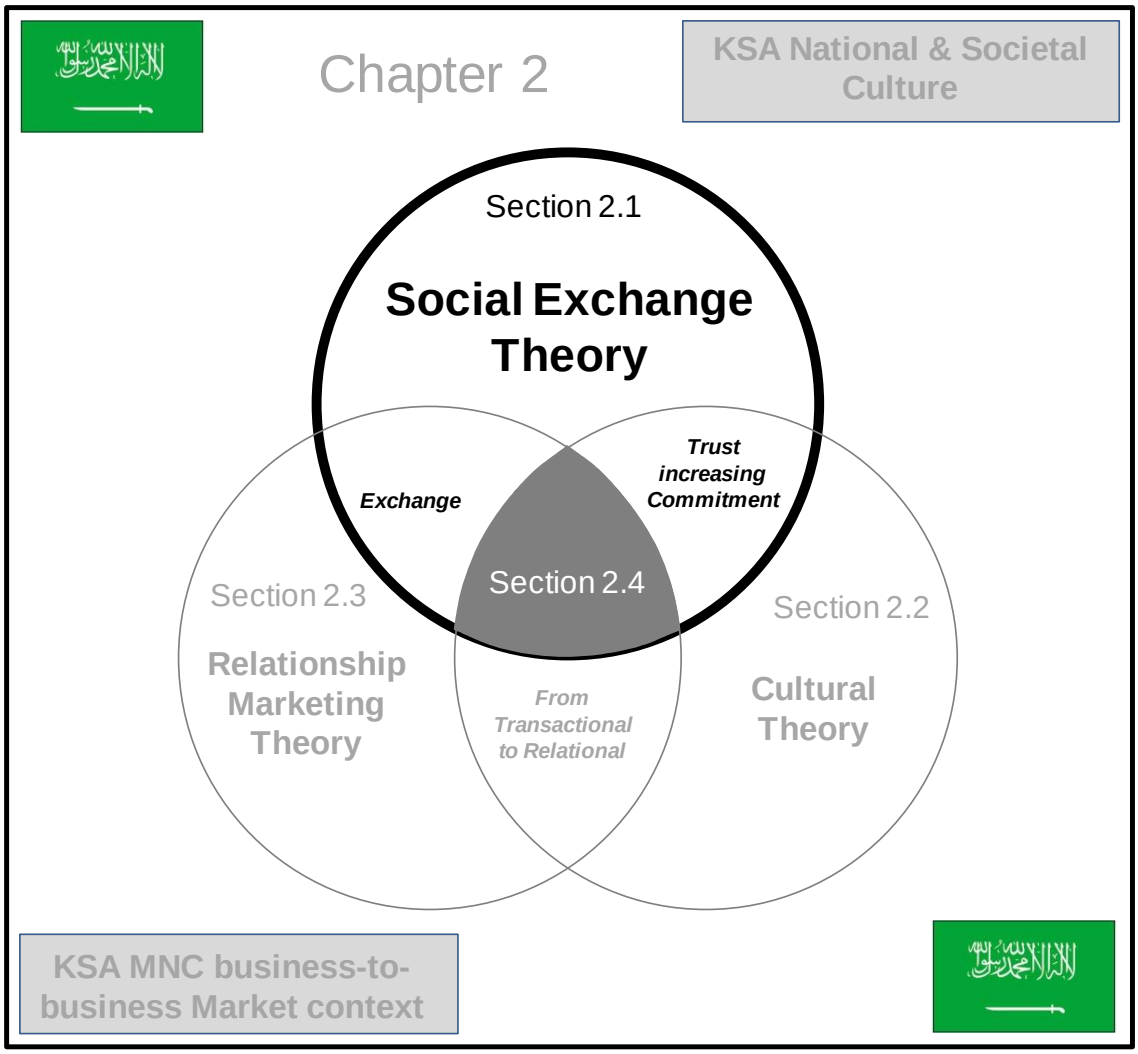


Figure 2.1: Organising framework showing the academic positioning for this study - SET

The growth in relational marketing research has resulted in SET becoming a dominant theoretical perspective within the marketing literature (Sheth & Parvatiyar, 1995). Exchange is a core theme in the study and theory of marketing in a Western business context (Kingshott, 2006; Finch et al., 2015), and coincides with increased interest in non-contractual approaches used in successful exchange episodes between company's (Dwyer et al., 1987; Heide & John 1988; Gundlach & Murphy 1993). Non-contractual approaches used in managing a relationship become crucial because of the difficulty in developing all-encompassing legal documents (Kingshott, 2006). Kingshott (2006) suggests that a relational approach creates a '*psychological contract'*. While psychological contracts appear nebulous and idiosyncratic, they are perceptual creating both social bonding and reciprocal obligations arising from the relational orientation created between customer and supplier. Kingshott (2006) also demonstrates a positive correlation with the development of trust and commitment within a business relationship (Kingshott, 2006).

Discourse relating to SET can be found in Aristotle's *Nicomachean Ethics* where he distinguished social exchange from economic exchange. Homans (1958) original theory of social engagement posited that: *"any interaction between individuals is an exchange of resources"* (Homans, 1958, p. 597). In social exchange, however, the resources are often intangible and include social utility and friendship (Homans, 1958). The core assumption of SET, in a Western context, is that exchange partners develop and maintain relationships in anticipation of the accrual of rewards (Homans, 1958; Blau, 1968).

SET is based on the seminal research by eminent sociologists Blau (1955), Homans (1958), Emerson (1962), with significant contributions from social psychologists Thibaut and Kelley (1959). It was Homans (1958) that articulated the initial systematic theory of SET focusing on social behaviour as a means of *exchange* (Blau, 1968). However, first to use *'theory of social exchange*' was Blau (1964), that posited a theory of social interactions as part of a process of exchange episodes (Chadwick-Jones 1976). Considered significant contributors to SET, Thibaut and Kelley (1959) introduced the '*comparison level'* (CL) and '*comparison level alternatives'* (CLalt) concepts. These articulate how partners in an exchange relationship calculate the rewards of the relationship to determine the extent and nature of their relationship commitment. Emerson's (1962) main contribution to SET relates to the nature of power and dependence on relationships. Emerson (1962) argues that power differentials create instability in relationships and, therefore, interdependence becomes important to the continuation of the relationship in creating a relational equilibrium (Emerson, 1962).

In Table 2.1 below, Lambe et al., (2008), derive a set of foundational tenets of SET from the analysis of the research of the seminal authors and founders of SET, namely: Aristotle; Thibaut & Kelley; Blau; Homans; Macaulay and Emerson. Lambe et al., (2001) recognise that the central tenet of SET is that exchange episodes include both economic (e.g. profits) as well as social outcomes (e.g. friendship). In a Western business context, partners compare the outcomes, both economic and social, from these interactions to those that are available from alternative exchange relationships (Thibaut & Kelley, 1959) in a deliberate rational and calculative manner. The result of this comparison is what determines the extent of their dependence on the exchange relationship.

As positive outcomes increase over time so does trust and a commitment to maintaining the exchange relationship. Consequently, norms that govern the exchange interactions are also created (Homans, 1958; Blau, 1964). The four resulting tenets of SET described by Lambe et al (2001, p.6) as being: *"(1) exchange interactions result in economic and/or social outcomes; (2) these outcomes are compared over time to other exchange alternatives to determine dependence on the exchange relationship; (3) positive outcomes over time increase a firms' trust of their trading partner(s) and their commitment to the exchange relationship, and (4) positive exchange interactions over time produce relational exchange norms that govern the exchange relationship"* (Lambe et al., 2001, p.6).

The specific relevance of what is described above to relationship marketing is to underline that in a Western context, the fundamental process of exchange, and therefore relationship development is: rational; calculative and cognitive. This is in sharp contrast to non-Western collectivist cultures that are predominately subjective and affective (Nydell, 2012).

The seminal research contributing to the development of the central tenets of SET are summarised (in date order) in Table 2.1 below.

Table 2.1: Contributions of Seminal research to the foundational premises of SET (Adapted from Lambe et al., 2008)

	The Foundational tenets of SET			
Seminal SET articles	**Exchange results in social and economic outcomes**	**Social and economic outcomes are compared to alternatives**	**Positive outcomes over time increase trust and commitment**	**Interactions over time produce exchange *'Norms'***
Aristotle *(Nicomachean Ethics)*	Social and economic exchange distinguished			
Homans (1958)	Interaction is an exchange of nonmaterial and material goods	Partners continue to deliver value to each other	Partners more likely to remain in Relationships that provide benefits and rewards	Norms are used to guide behaviour in an exchange relationship
Thibaut & Kelley (1959)	Exchange episodes result in outcomes for the relationship to continue.	CL and CLalt used to operationalise comparisons to expected rewards and those available from alternatives partners		Norms are created over a series of exchange episodes and guide the behaviours of the partners. Norms serve in place of formal legal mechanisms
Emerson (1962)				Power develops because of dependence. Norms act as a guide to the use of this power in relationships
Macaulay (1963)			Firms meeting their obligations can expect to engage with the future firm's trust that obligations will be fulfilled except in extenuating circumstances. Contracts may be used more often when trust is not present	Norms fill gaps in formal legal contracts and provide flexibility in the relationship
Blau (1964)	Partners obtain rewards from social episodes including both social and economic rewards	Reciprocity is required for the relationship to continue	Reciprocity creates trust and commitment. Trust creation is a major component of social exchange and is also self-generating	Norms act as limits to, or guide behaviours and the use of power in relationships. Power develops because of dependence or social obligations

In a Western business context, B2B exchange is prompted by the mutual understanding that economic rewards of relational exchange will be greater than that gained from exchange with a different business partner (Dwyer et al., 1987). Exchange relies significantly on relational contracts, or norms, to govern the exchange process (Macneil, 1980; Heide & John 1992). Relational mechanisms are adopted in-lieu of formal written legal contracts when it is too difficult for the exchange partners to adequately describe the critical terms (Goetz & Scott, 1981). The contract becomes more relational when it becomes

more difficult to fully document the nature and extent of the relationship (Nevin, 1995).

Facilitating flexibility in multi-faceted complex relationships requires high levels of cooperation and mutual adaptation in meeting exchange partner needs (Gundlach & Murphy, 1993; Nevin, 1995; Tanskanen, 2015). The crucial governance process and, therefore, a key determinant in the success of exchange, is the *'relationship'* (Lambe et al., 2001). In other words, exchange relationships require a high functioning relationship between the exchange parties (Dwyer et al., 1987; Wilson, 1995). Exchange relationships provide a governance mechanism predicated on trust, commitment, and norms that supplement formal relationship governance procedures of which a written legal contract is an example (Heide & John, 1992). Wilson (1995) argues from the very beginning of trading activities between humans, relationships between trading partners have existed. These relationships developed naturally, over time, as traders developed friendships supported by quality products and services that ultimately lead to the creation of trust and, commitment (Wilson, 1995).

Western marketing academics have proposed various models to explain the relationship development process between exchange partners that enables relational exchange. These are summarised in Table 2.2 below. Wilson (1995) describes these as (Wilson, 1995, p. 335): *"conceptual process models of relationship development."*

Table 2.2: Research using SET to explain the B2B Relationship development process (adapted from Lambe et al., 2008).

Seminal articles	Research Type	B2B Relationship Development Processes derived SET
Dwyer et al. (1987)	Conceptual	Relationships develop through a **five-stage** process including *awareness*, *exploration, expansion, commitment* and *dissolution*. During the *exploration* and *expansion* stages, five sub-processes exist including *attraction, communication* and *bargaining, development* and *exercise of power*, *norm development* and *expectation development*.
Ford (1990)	Conceptual	Positive interactions, over time, between boundary spanning staff as part of a series of '***exchange episodes',*** join the companies together.
Anderson (1995)	Conceptual	Relationship development is experienced as a series of '***exchange episodes***'. Each exchange episode is composed of four events including defining the purpose, setting relationship boundaries, creating relationship value and evaluating exchange outcomes
Nevin (1995)	Conceptual	Successful exchange relationships develop through **reciprocal actions** in the presence of mutual dependence and trust.
Wilson (1995)	Conceptual	Relationships develop through **a process** that includes phases of search, selection, defining the purpose, establishing boundaries and norms, creating value and rewards, and relationship maintenance. Relational constructs are either active or passive depending on the stage of the relationship.
Hakansson & Wootz (1997)	Conceptual	**Interaction processes** include elements of economic exchange as well as social exchange. Positive economic and social outcomes provide for the future extension of the exchange relationship.

NB: The above seminal articles have been published in ABS journals.

While not identical, the non-empirical conceptually derived models described in Table 2.2 are similar in that they rely on SET as the theoretical basis for the development of relational exchange. They posit that relational exchange develops in stages through exchange episodes over an extended period. In the context of SET, this initial engagement is important in determining whether the B2B relationship will survive, grow or decline. Companies assess the economic and social outcomes from each exchange episode, comparing them to the desired level (CL) versus that provided by a potential alternative exchange partner (the alternative comparison level: CLalt) (Dwyer et al., 1987). If considered acceptable, future interactions will probably take place (Thibaut & Kelley, 1959; Dwyer et al., 1987).

The key factors that drive all the relationship development stages are the exchange interactions that occur throughout the relationship development process. If exchange partners mutually obtain outcomes at least meeting *CL* and *CLalt*, interdependence and commitment to the exchange relationship may become established. Norms also develop through these exchange episodes along with trust, commitment and other important relational constructs. The development of these relational norms, trust and commitment decreases reliance on formal legal contractual mechanisms (Dwyer et al., 1987; Gundlach & Murphy 1993; Wilson 1995; Kingshott, 2006).

In addition to the existing research discussed above, that uses SET to explain the process of relationship development, a significant body of research exists that derives relationship constructs that contribute to a successful relationship (Wilson, 1995; Lambe et al., 2001; Cropanzano et al., 2016; Jeong & Oh, 2017). These constructs have been identified by researchers as being important facilitators of the development and maintenance of successful exchange relationships (Wilson, 1995). Therefore, it is argued that these relationship constructs describe the empirical operationalisation of the foundational tenets of SET (Lambe et al., 2001). Crucially, from a B2B relationship marketing perspective, Wilson (1995) argues that these relational constructs are either active or latent, depending on what each party needs from the other at each stage of the relationship process (Wilson, 1995), as illustrated in Figure 2.2 below.

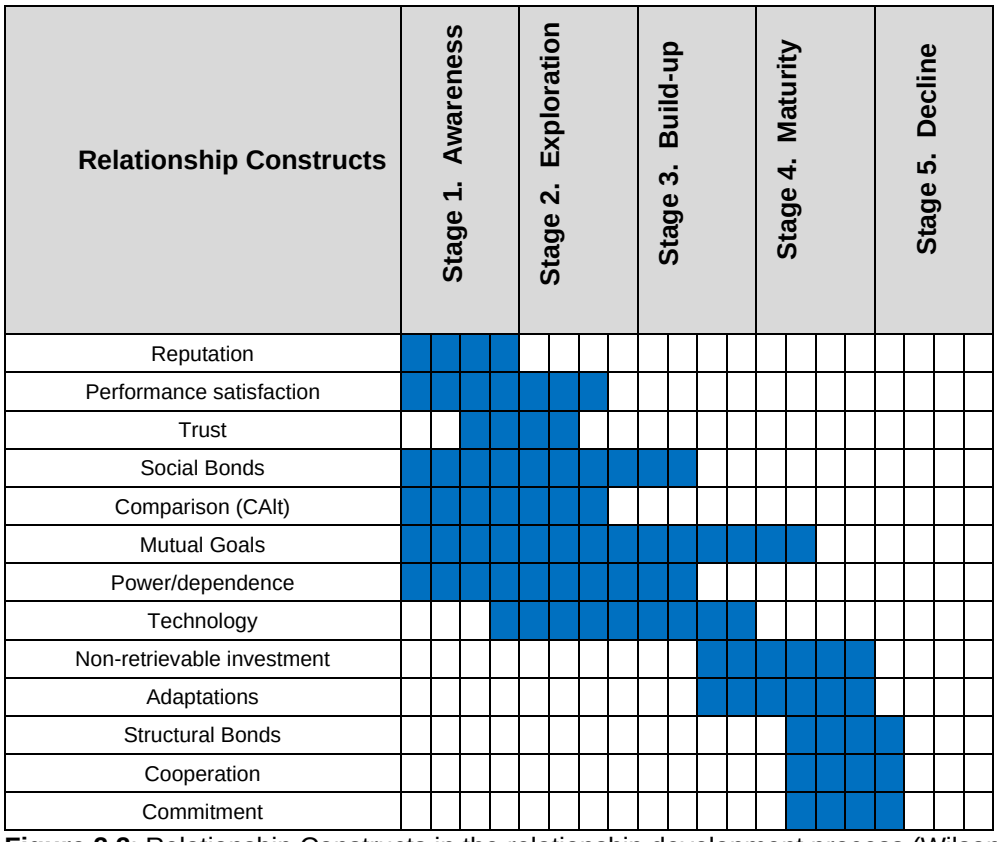


Figure 2.2: Relationship Constructs in the relationship development process (Wilson, 1995)

It can be seen from Wilson's (1995) model in Figure 2.2 above, that *'Reputation'* is regarded as important in the early '*Awareness*' stage of the relationship process whereas '*Structural Bonds', 'Cooperation'* and '*Commitment'* are not considered important until the much later '*Maturity*' stage of the relationship.

The relationship constructs emerging from the SET literature are summarised in Appendix A2.1 providing a frequency analysis which identifies the following in order of the most referred to in this body of SET literature: *Trust; Dependence; Norms, Commitment, Cooperation* and lastly *Satisfaction,* and which are defined in the extant SET literature as follows:

Trust*:* The extant SET literature describes *'Trust'* as the most important relationship construct in successful relational exchange (Homans 1958; Blau 1964), with the concurrence of marketing academics (Dwyer et al., 1987; Wilson, 1995). The concept of '*Trust'* has been variously defined within the extant literature as: "*the belief in an exchange partner's reliability and integrity"* (Morgan & Hunt 1994. p.12); "*the possession of credibility and benevolence*" (Ganesan 1994, p.23; Geysens et al., 1999, p.307) and one party's belief in the other party's word is reliable and obligations will be delivered (Blau 1964; Schurr & Ozanne 1985; Moorman et al., 1993). Geyskens et al. (1996) further distinguish between *'cognitive'* trust and '*affective*' trust. Cognitive-based trust is based on rational, calculative assessments arising out of exchange episodes (Molm et al., 2000) whereas affective-based trust is related to interpersonal liking, shared values and connectedness (Tanskanen, 2015). Trust as a relational construct has been used in empirical studies relating to B2B relationships in operationalising the SET foundational tenet '*positive outcomes over time increase trust and commitment'* (Lambe et al., 2001; Ajmal et al., 2017).

While the use of '*trust*' as an important relational construct is strongly supported by empirical research (Lambe et al., 2001), it has been conceptualised in numerous ways, not all of which are consistent (Abosag et al., 2006). Extant empirical research has conceptualised trust as a unidimensional construct (Morgan & Hunt, 1994; Jap, 1999). Whereas other empirical research initially proposes '*trust'* as a two-dimensional construct (affective and cognitive) with it finally emerging again as a unidimensional construct (Doney & Cannon, 1997; Nicholson et al., 2001), whereas others use a multi-dimensional approach to conceptualising trust (Rodriguez & Wilson, 1995; Johnson & Grayson, 2005). Taken together, these studies demonstrate an absence of congruence in the conceptualisation and indeed operationalisation of *'trust'* as a relationship construct (Abosag et al., 2006).

***Commitment**: 'Commitment*' is arguably the most used dependent variable in empirical research examining B2B relational exchange (Wilson 1995). Morgan & Hunt (1994, p. 23) defined commitment as: *"an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it; that is, the committed party believes the relationship is worth working on to ensure that it endures indefinitely"* (Morgan & Hunt 1994, p. 23). Commitment is used in the extant B2B relational exchange research as a partial operationalisation of the SET foundational tenet '*positive outcomes over time increase trust and commitment'*. SET argues that '*commitment*' is significantly influenced by the amount of economic and social value gained from an exchange relationship. Companies obtaining significant value, as compared to the CL Alt, may view that relationship as important to maintain and pledge to continue with the relationship (Dwyer et al., 1987; Gundlach & Murphy, 1993), in other words, provide '*commitment*'.

***Dependence**:* Emerson (1962, p. 32) argues that the '*Dependence*' of company A on company B is *"(1) directly proportional to A's motivational investment in goals mediated by B, and (2) inversely proportional to the availability of those goals to A outside of the A-B relationship"* (Emerson,1962, p. 32). In other words, companies are dependent on a relationship to the extent that the benefits obtained from the relationship are not available outside of the relationship (Lambe et al., 2001).

The relational construct of '*Dependence*' has been used in B2B relational exchange in operationalising the SET foundational tenet that '*social and economic outcomes are compared to alternatives'* (Thibaut & Kelley, 1959; Lambe et al., 2001). CLalt, as discussed above, is the total reward obtained from an alternative relationship (Lusch & Brown 1996), and is the lowest level of benefit that a company should receive from an existing relationship, in maintaining that relationship (Wilson 1995). In accordance with SET, relational outcomes, given CLalt, are compared to ascertain if the relationship will be maintained, grow, or decline (Anderson & Narus, 1990). Marketing academics, however, view mutual dependence, and/or interdependence, as helpful to the development of the key relational constructs of *trust* and *commitment* (Frazier, 1999).

***Norms**:* While relational '*norms*', as a construct, are described in numerous ways, with various labels, in the extant literature (Lambe et al., 2001) there is an observable common theme that emerges (Homans 1958; Thibaut & Kelley 1959; Blau, 1968). Relational '*norms*' are acknowledged as providing guidelines for the interactions between exchange partners (Macneil 1980; Heide & John 1992; Gundlach et al., 1995; Nevin 1995; Weitz & Jap 1995; Lusch & Brown 1996). Relational '*norms*' as a relational construct are used in empirical B2B research in operationalising the SET foundational tenet of *'positive interactions over time produce relational exchange norms'* (Lambe et al., 2001). Relational '*norms*' are important to the continuance of relational exchange between partners (Tanskanen, 2015) and serve as a governance mechanism for an exchange relationship (Blau 1964) in reducing the threat of opportunism (Tanskanen, 2015).

***Cooperation**:* Anderson & Narus (1990, p. 45) define the relational construct of '*Cooperation*' as *"similar or complementary actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocity over time"* (Anderson & Narus, 1990, p. 45). Exchange partners engaging in cooperation enables synergistic benefits to be obtained (Anderson & Narus 1990) in facilitating relationship marketing success (Morgan & Hunt, 1994).

'*Cooperation*' is used in B2B exchange empirical research in operationalising the SET foundational tenet of '*positive outcomes over time produce relational norms*' (Lambe et al., 2001). As relationships change to long-term relationships, from tactical transactions, cooperative behaviours generate more value for the exchange partners (Spekman et al., 1997). Exchange partners mutually expect participation in cooperative behaviours that generate benefits, and in time these behaviours become the norm (Spekman et al., 1997).

***Satisfaction**:* '*Satisfaction*' as a relational construct has been variously defined within the extant literature by a number of academics (Frazier, 1983; Anderson & Narus 1984 & 1990; Gaski & Nevin, 1985; Wilson, 1995) with a common emerging theme observed of '*mutual expectations having been met with regards to the rewards being adequate for the contribution to the relationship'*.

Satisfaction is used in B2B exchange empirical research in operationalising the success of an exchange relationship (Lambe et al., 2001). From a SET perspective, '*Satisfaction*' plays a fundamental role in relational exchange (Blau, 1964). MNCs that obtain benefits to the level of their expectations (their *CL*) and at least equal to benefits available from alternative relationships (*CLalt*) are likely to continue with, and grow, the relationship (Thibaut & Kelley, 1959). A measure, therefore, of an MNCs perspective on the outcomes of the relationship and its performance is closely associated with '*Satisfaction*' (Tanskanen, 2015).

SET is one of the most significant theoretical perspectives used in business-related academic research, as well as adjacent academic fields such as sociology and social psychology (Jeong & Oh, 2017). SET does, however, present some challenges to academics and practitioners who use SET in explaining B2B exchange (Lambe et al., 2001; Jeong & Oh, 2017). One important criticism of SET is that it lacks theoretical precision, and therefore has limited utility for marketing academics wishing to use SET to explain and/or predict B2B behaviour. For example, marketing academics that use SET can explain many relational phenomena and characteristics, but only after the event in a *post hoc* manner. They are severely limited in their ability to make useful priori predictions regarding behaviour in a B2B marketing relationship (Lambe et al., 2001; Cropanzano et al., 2016).

Another significant criticism of SET is that the relationship constructs are typically operationalised into rational economic measures (Jeong & Oh, 2017), resulting in an insufficient understanding of the important social and hedonic value present in the constructs being considered. Narrow conceptual and operational definitions such as these constrain opportunities to elicit meaning together with the resulting implications of such findings in B2B relational exchange (Cropanzano & Mitchell, 2005; Jeong & Oh, 2017).

Allied to the previous criticism is that fact that SET is derived from Western society and cultures that are individualistic (Hofstede, 1980), that use predominately predictable rule-based calculative and cognitive processes (Hofstede, 1980). SET is arguably a deterministic theoretical framework that describes how individuals calculate the value, costs, and benefits available from a given relationship as compared to the alternatives available (Thibaut & Kelley

(1959). As an indication of this, the alternative name given to SET in the existing research is '*rational choice*' theory (Molm, 1997; Tanskanen, 2015). The extant literature suggests that the application of SET in a non-Western context differs from what can be expected in a Western context (Warren et al., 2004). The nature and structure of non-Western societies are different as are the expectations and obligations arising out of friendship and other close relationships (Berry, 2015). The implication being, therefore, is that Western MNCs using relationship marketing practices derived from SET, in non-Western B2B context, will not have an appropriate framework of reference to guide their relationship marketing strategy. This is particularly problematic in non-Western collectivist cultures such as Saudi Arabia (Ali, 2009).

In summary, in this Section, the contribution made by SET to Western relationship marketing and B2B relational exchange has been explored and is summarised in Figure 2.3 below. The theoretical basis of SET was considered, before defining its foundational tenets. SET in B2B exchange by, and between, Western MNCs was then examined in defining the relationship development processes and the key relationship development constructs before concluding with a review of the limits of SET in a B2B relationship marketing context.

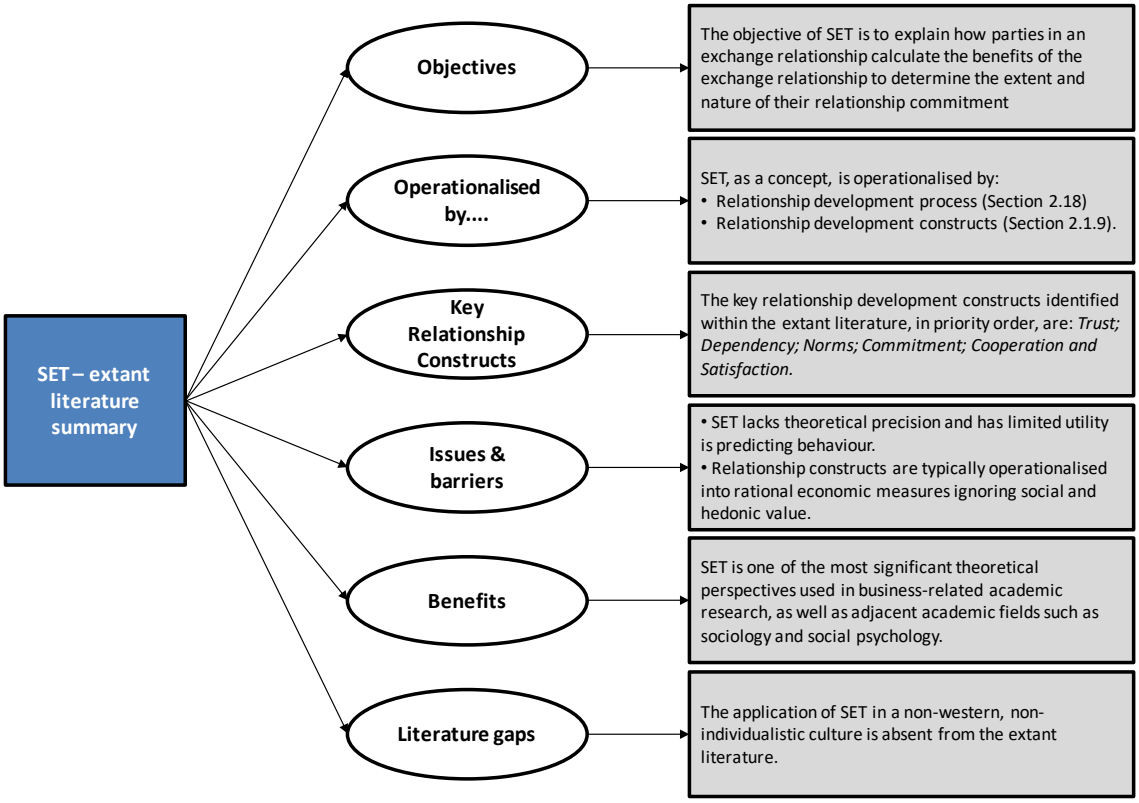


Figure 2.3: Summary of the extant literature relating to SET

In the next Section, B2B relationship marketing in a cross-cultural context is examined.

2.2 B2B relationship marketing in a cross-cultural context

In this Section, B2B RM is examined through the multiple lenses of cultural theory including national and cross-national culture, intercultural competence and psychic distance, as highlighted below in Figure 2.4.

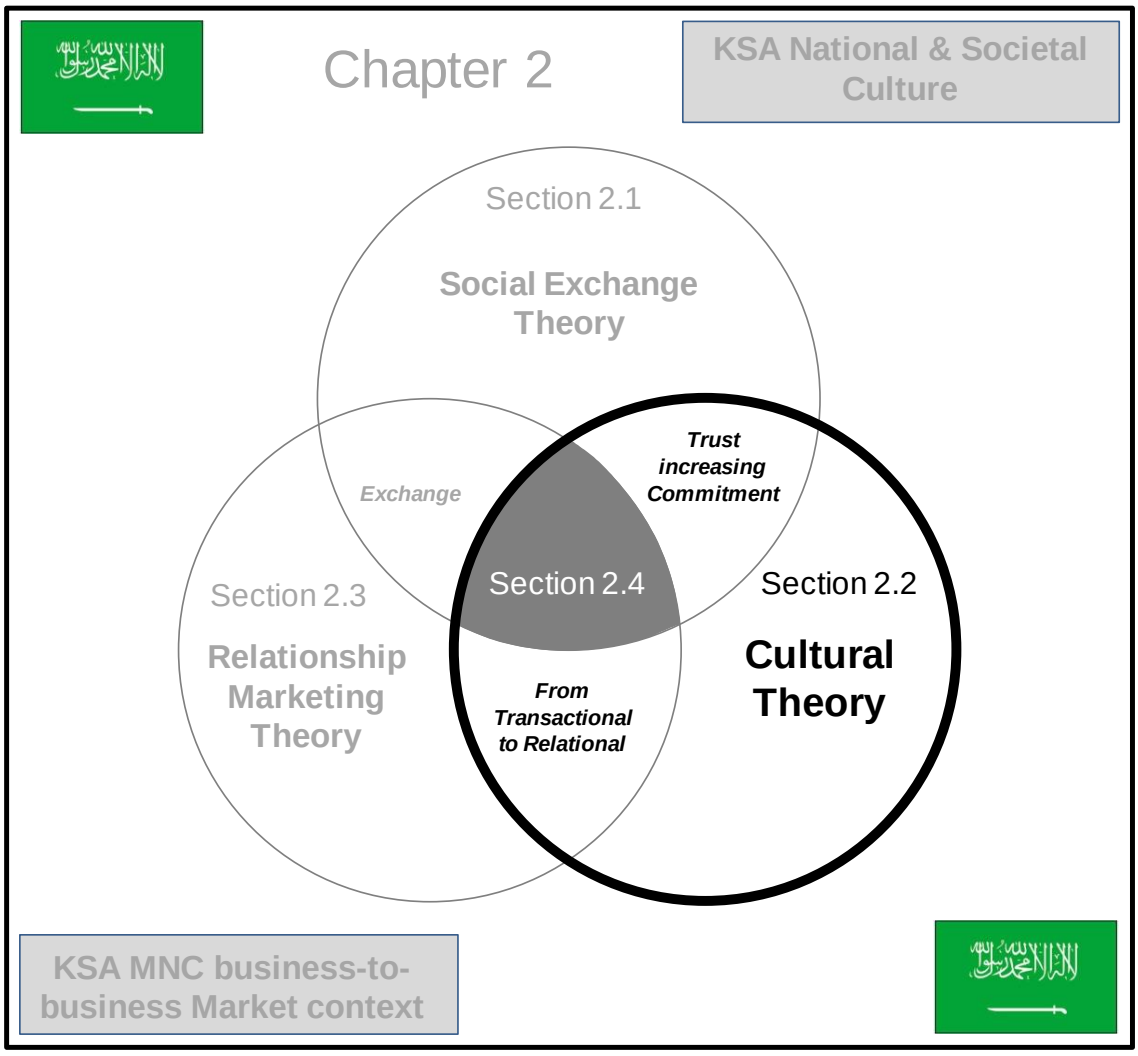


Figure 2.4: Organising framework showing the academic positioning for this study - CT

As businesses continue to internationalise, driven by the forces of globalisation, the executives of Western MNCs need to develop an understanding of cultural differences to develop successful international business relationships (Al Suwaidi, 2008; Ajmal et al., 2017). The conducting of international business is fundamentally about the management of culture and cultural differences between people and countries (Hofstede, 1994). As described earlier when Western MNCs and their employees operate in other markets and cultures, they carry assumptions, attitudes, beliefs, knowledge, motives, and values that have been shaped by the country and culture in which they have been socialised (Berry, 2015). Consequently, relationship building practices are based on these

alien beliefs and values carrying with them incompatible behaviours, processes and procedures which tend to prevent successful interactions with potential clients (Arino et al., 2001; Branzei et al., 2007). It should not come as a surprise, therefore, that cross-cultural interaction often involves misunderstandings and confusion which in turn results in embarrassment, psychological distress and, all too often, failure of the business endeavour (Molinsky, 2007; Ajmal, 2017).

Furthermore, the inexorable shift towards globalisation, as evidenced by the significantly increased international business initiatives involving strategic procurement initiatives and international outsourcing has intensified the importance of research into cross-national culture (Ajmal et al., 2017). The existing research shows that research projects with an international orientation, in contrast to single country research, will typically involve some aspects of national or cross-national culture underlining the increasing importance of this area of academic research (Chabowski et al., 2016). Also, the nuances of methods used in research into a cross-national culture can have added complexity and may pose unexpected challenges to researchers (Walters & Samiee, 2003). For example, even routine considerations in a single country study must be justified in cross-national culture research (Berry, 2015). Constructs frequently used in single country research need to be checked for validity and relevance in a cross-nationally context. Also, the selection of countries, societies or cultures studied needs to be justified methodologically and theoretically (Adler, 1984; Samiee & Jeong, 1994; Berry, 2015).

The complex landscape of cultural theory is illustrated in Figure 2.5 below and includes national and cross-national culture, intercultural competence and psychic distance. Each of these is discussed below.

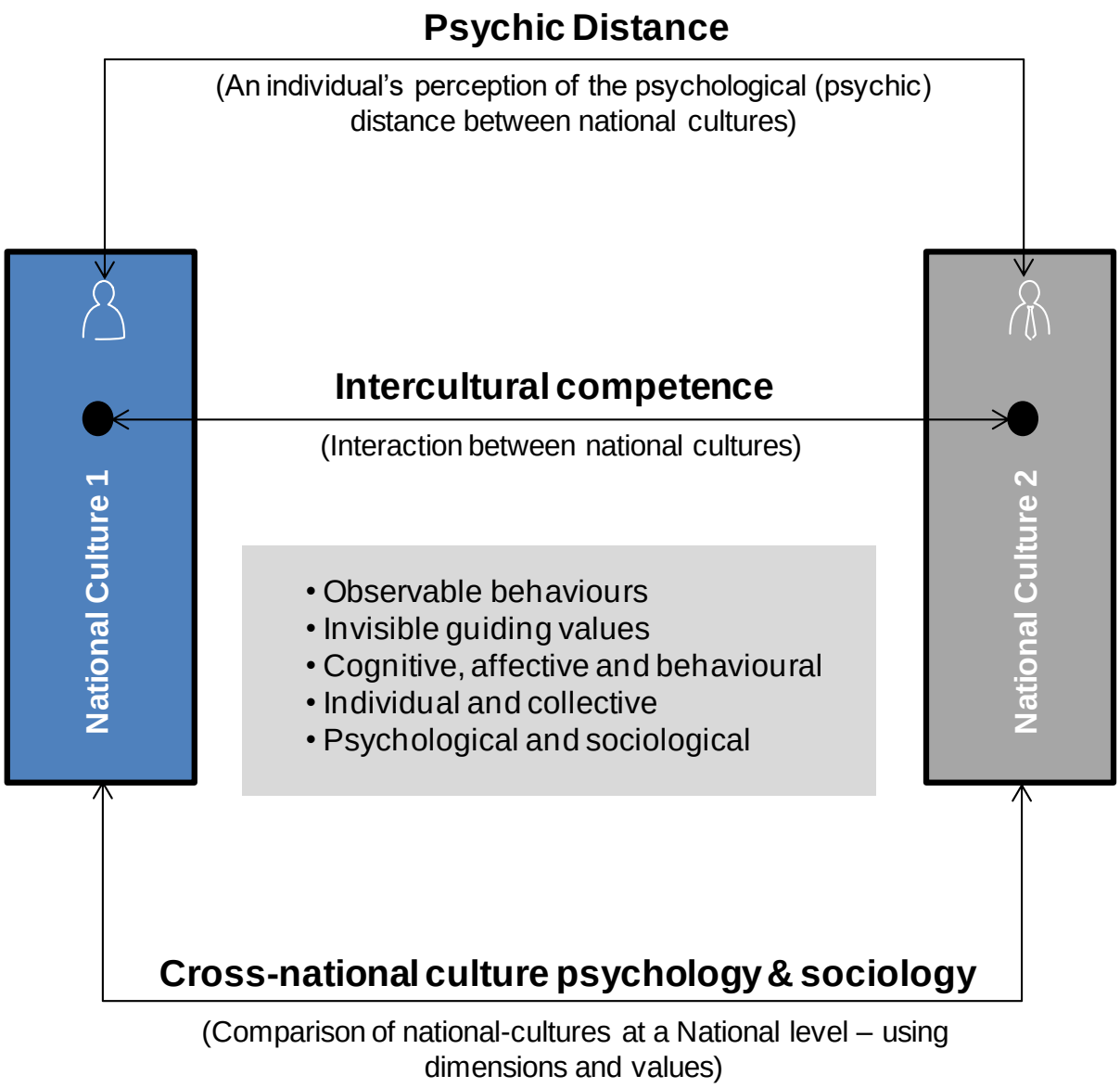


Figure 2.5: Cultural theory landscape

2.2.1 Definition of culture

The existing research demonstrates that the number of definitions of culture is both very large and notoriously complex to pin down with any precision (Hofstede & MaCrae, 2004; Jones 2008; Al Suwaidi, 2008; Wong, 2017). As an example, Olie (1995) identified 164 definitions of culture collected up to 1951 (Olie, 1995, P128.), acknowledging it to be a broad field of study. Part of the problem in finding a precise definition of the term 'culture' is that as a word it is used loosely in everyday language to describe a multitude of very distinct concepts (Ginzberg, 2016), both as a noun and a verb. For example, the word 'culture' is used to describe the creative arts and other manifestations of human intellectual achievement regarded collectively; it is used to describe organisational culture; people can be 'cultured', and the term is also used in the

natural sciences to describe the maintenance of tissue cells and bacteria in conditions suitable for growth (Ginzberg, 2016). The term culture is also used to describe the ideas, customs, and social behaviour of a people, society or country, often referred to as national culture (Hofstede, 1980; Jones, 2007; Cannon et al., 2010).

The word ‘culture’ derives from the Latin word ‘colere’ which translates as being ‘to build’, ‘to care for’ or ‘to cultivate’. Thence culture is referring to something that is created by the intervention of human beings (Dahl, 2004). At a more fundamental level culture is used to describe the modus operandi of a group of people, such as that implied by national culture, together with the values and norms that underpin this modus operandi (Dahl, 2004). In this context, national culture can be defined as describing the observable behaviour that is common to a group of people together with the invisible values and norms underlying and guiding this behaviour (Fischer & Schwartz, 2011). Obtaining a more precise definition of national culture, however, is confounded by the sheer complexity of the theoretical landscape that addresses national culture and its adjacent fields of research (McSweeney, 2013; Wong, 2017). For example, culture is a significant field of research in both sociology and psychology where research is conducted at a: collective societal; national; international and individual level (Chabowski, 2016). Sociology researchers have considered values and dimensions of culture at a collective, societal and national level (Chabowski, 2016), whereas Psychology researchers address the assumptions, attitudes, beliefs, motives, prejudices, and values of individuals (Sam & Berry, 2015; Berry, 2015).

In addition to the research conducted into national culture, the adjacent field of cross-national cultural compares intra-cultural behaviour (Sam & Berry, 2015). Interactions across different national cultures are the field of intercultural research and especially intercultural competence (Berry, 2015), whereas an individual’s perception of the differences in national culture is addressed in the theory of Psychological (Psych) Distance (Swift, 1999). These different dimensions and levels of cultural theory and research described in the extant literature are described in Table 2.3 below.

Table 2.3: Dimensions of culture (adapted from Chabowski, 2016)

Overview of culture research levels			
Level	**Culture focus**	**Sociology scope**	**Psychology scope**
International	Dimensions and values of national culture.	Cross-national culture comparisons, globalisation, trade and development and dependence.	Independent vs interdependent self-view. Holistic vs analytic cognition.
National	Dimensions and values of national culture.	National culture, tradition, modern, post- modern, religion.	Individualism vs collectivism, cultural complexity.
Individual	Intercultural psychology, Psychic distance	N/A	Independent vs interdependent self-view and personality traits.

2.2.2 National culture

The definition of culture in the study of national culture is subject to a plethora of different definitions, constructs and models (Weiss, 2004; Obeidat et al., 2012; Khakhar & Rammal, 2013). Indeed, it is more easily invoked as a concept than it is to define and is also frequently ill-defined and misused (McSweeney, 2013). Whilst there is no single agreed definition (Weiss, 2004), the extant literature suggests that national culture consists of three primary characteristics: First, is it acquired through learning, socialisation and acculturation, and is not innate (Triandis, 1994; Hofstede & Minkov, 2010); Second, its various facets are shared, describing a collective phenomenon, that in effect defines the boundary of one national grouping from another (Hofstede, 1994, 2001; Hofstede et al., 2010) and third, the various cognitive and behavioural aspects of national culture are interrelated (Khakhar & Rammal, 2013). A national culture, therefore, is not easily or quickly acquired. It is a very gradual process of developing within a society (Jones, 2007). It entails learning the dominant beliefs, attitudes and values of that society; immersion into the collective societal activities and rituals (de Mooij, 2015); modelling the behaviour of cultural heroes and role models (Hofstede, 1980 & 1991), and understanding the language, vernacular, myths, legends and dress. These attributes of national culture are developed from birth and are influenced by religion, family, heritage, education, the media, the law, friends and many other sources in becoming society's collective superstructure (Najm, 2015). It is also apparent from the extant literature that geographical location together with the topographical context of specific locations also plays a major part in the development of culture (Talhelm et al., 2014; Hu & Yuan, 2015). Within this context, different cultures and societies can emerge within the same nation-state (Talhelm et al., 2014; Hu & Yuan, 2015).

The extant research contains a number of studies, both empirical and conceptual, that seek to define and measure national culture according to the scores on various dimensions defined by these studies (Magnusson et al., 2008; Adkinsson, 2014; Tausch, 2015). Early scholars developed theoretical classification systems, for example, Inkeles and Levinson (1969). In more recent times researchers have used empirical studies to define '*dimensions*' of national culture, identifying differences between national cultures (Hofstede, 1980), national behavioural types (Lewis, 2006) and cultural orientations (Schwartz, 1994, 2006). National culture can be conceptualised if there exist an inter-country commonality and an intra-country difference in culture (Steenkamp, 2001; Mooij, 2015). Dimensions of national culture operationalised in these studies group together cultural phenomena that were empirically found to occur in combination (Hofstede & Hofstede, 2005; Mooij, 2015). Table 2.4 below provides a summary of the seminal research into national culture.

Table 2.4: Comparison of National Cultural frameworks

Comparison of National Cultural Frameworks				
Hofstede, 1980	**Schwartz, 1994**	**Trompenaars & Woolliams, 1998**	**House et al, 2004 (GLOBE)**	**Lewis, 2006**
117,000 IBM Workers in 71 Countries	97 students and teachers in 44 countries	46,000 Managers in 40 countries	17,000 managers from 951 companies in 62 societies.	150,000 executives with 68 nationalities.
Defines the 'differences' in the 'Dimensions' of National culture.	Validation of Basic Cultural Orientations.	Derived from Parson's (1951) sociological work on cultural dimensions.	Based on Hofstede's dimension - '*Cultural competencies.'*	Defines behavioural typologies
1. Individualism	1. Conservatism	1. Universalism	1. Performance orientation	1. Linear-active
2. Power Distance	2. Intellectual autonomy	2. Individualism	2. Assertiveness orientation	2. Multi-active
3. Uncertainty avoidance	3. Affective autonomy	3. Neutral	3. Future orientation	3. Reactive
4. Masculinity - femininity	4. Hierarchy	4. Specific - diffuse	4. Human orientation	
5. Long-Term Orientation	5. Mastery	5. Achievement - ascription	5. Collectivism I: Institutional collectivism	
6. Indulgence	6. Egalitarianism	6. Attitude toward time	6. Collectivism II: In-group collectivism	
	7. Harmony	7. Attitude towards environment	7. Gender egalitarianism	
			8. Power distance	
			9. Uncertainty avoidance	

The most influential study conducted into national culture to date is the seminal empirical study carried out by Geert Hofstede, 1980 (Bergelsdijk, 2015). Hofstede's '*Culture's Consequences'* is one of the most cited sources in the Social Science Citation Index (Bond, 2002; Fang, 2003; Triandis, 2004; Khakhar & Rammal, 2013). Hofstede analysed 116,000 surveys from

respondents in seventy-one countries in defining six dimensions of national culture to which he assigned indexes for all countries that also linked the cultural dimension with demographic, geographic, economic and political aspects of society (Kale & Barnes, 1994; Soares et al., 2007). Hofstede's advocates argue, therefore, that his study is unmatched by other studies in the field of national culture regarding its scale, comprehensiveness and robustness (Smith et al., 1996; Triandis, 2004; Soares et al., 2007; Khakhar & Rammal, 2013; Bergelsdijk, 2015). Hofstede (1980) originally identified four dimensions of national culture: Individualism (or Individualism/Collectivism); Power distance, Uncertainty Avoidance and Masculinity/Femininity (Hofstede, 1980) to which two additional dimensions were later added; Long-term orientation; Indulgence versus Restraint (Hofstede & Bond, 1988; Hofstede et al, 2010). Hofstede defines national culture as "*the collective programming of the mind that distinguishes the members of one group or category of people from another*" (Hofstede, 2001, p.9). Hofstede's dimensions of national culture are described in Appendix A2.2, and use a scale of zero to 100:

Reis et al.'s (2013) bibliometric study into national cultural models, which uses citation and co-citation analysis of articles published in seven top-ranked academic business journals, highlights the dominance of Hofstede's (1980) model in national culture-related research. Hofstede (1980) is the most cited of all cultural models, followed by Trompenaars (1993). The longitudinal analysis shows Hofstede's (1980) work as being the most cited in every period considered and that it accumulates an increasing number of citations with the passage of time. In other words, the influence of Hofstede's work continues to increase. The growth in the number of citations suggests that not only is research into national culture increasing, but also that Hofstede's model is still the most influential with other academics. This in spite of the criticism it has received and also in spite of the emergence of alternative conceptualisations of what national culture entails, for example, House et al., 2004. (Shenkar, 2001; Kirkman et al., 2006; Reis et al., 2013; Obeidat et al., 2012; Bergelsdijk et al., 2015). It is also widely used in international marketing research (Wong, 2017).

Schwartz (1994, 1999, and 2006) and Siegel et al (2008), from conceptual studies, derived cultural values through the analysis of three fundamental issues confronted by every society (Lopez-Duarte & Vidal-Suarez, 2013): the

individual-group relationship; individuals' responsible social behaviour; and the relationship between mankind and the social and natural world (Schwartz, 1994). Derived from these cultural value types, Schwartz (1994, 1999) defines three dichotomous dimensions of national culture describing polar opposite positions on each issue: embeddedness/autonomy; hierarchy/egalitarianism, and mastery/harmony (1994, 1999). Arising out of this work Schwartz defines national cultural values as: "*conceptions of the desire that guide the way social actors select actions, evaluate people and events, and explain their actions and evaluations*" (Schwartz, 1999, p.24).

Trompenaars and Hampden-Turner (1998) describe seven dimensions of national culture in the context of business management and leadership. In developing their model Trompenaars and Hampden-Turner studied 46,000 managers in 40 countries. What emerged is that people from different cultures vary in specific, even predictable, ways, because each culture has its way of thinking, its values and beliefs, and its preferences. Trompenaars and Hampden-Turner concluded that what distinguishes people from different cultures is where these preferences fall on the seven dimensions: *"1. Universalism versus particularism; 2. Individualism versus communitarianism; 3. Specific versus diffuse; 4. Neutral versus emotional; 5. Achievement versus ascription; 6. Sequential time versus synchronous time; 7. Internal direction versus outer direction".* The first five dimensions are associated with the relationship between people. The last two address the relationship between time and the business environment.

The aim of Global Leadership and Organisational Behavioral Effectiveness (GLOBE) empirical study conducted by House et al. (2004) was to study different cultural values and practices to predict their impact on leadership and organisational processes (Wong, 2017). The GLOBE study identified nine cultural dimensions of 62 societies as opposed to nations or countries. House et al. (2004) argue that this is an important distinction because in some countries there are multiple sub-cultures arising out of different ethnic origins, language or geography. The examples provided include Canada and South Africa (Javidan & Dastmalchian, 2009; Brewer & Venaik, 2012; de Mooij, 2013). The nine dimensions defined by the GLOBE study include assertiveness; institutional collectivism; future orientation; gender egalitarianism; humane orientation;

performance orientation; power distance, and uncertainty avoidance (House et al., 2004). A definition of culture: *"culture is the 'shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generations"* (House & Javidan 2004), was also provided.

The Lewis Model (1996) is described in the book, '*When Cultures Collide'* (Lewis, 1996), and was developed after visiting 135 countries. The model concluded that humans could be divided into three categories, based not on nationality or religion but behaviour. The Lewis model defines three typologies: '*Linear-active'*; '*Multi-active'*; '*Reactive*', in addressing what Lewis describes as a preoccupation in the extant literature with north/south, mono-chronic/poly-chronic dichotomies (Lewis, 1996).

In summary, national culture, particularly since 1980 and the publication of '*Culture's Consequences*' (Hofstede, 1980) has been a major area of research in both international business and marketing (Kirkman et al., 2006; Ferreira et al., 2009; Wong, 2017). Ferreira et al. (2009) posit that Hofstede's model has become dominant because it is quantifiable, facilitates inter-country comparisons for use in international business and marketing research and because it is largely replicable (Ferreira et al., 2009). The accessibility of Hofstede's model is arguably what makes it popular with other academics, despite the many criticisms it has received, many of which are valid (Triandis, 2004; Reis et al., 2013). As pointed out by Triandis (2004, p89), *"perfection is the enemy of the good"* (Triandis, 2004. p89). Accordingly it has become the generally accepted cultural taxonomy in describing national culture (Triandis, 2004; Ferreira et al., 2009; Reis et al., 2013), and this ability to measure cultural characteristics, in enabling cross-cultural comparisons, maybe at the core of Hofstede's advantage over the alternative models (Ferreira et al, 2009).

Yaprak (2008) and de Mooij (2015) both conducted a review of the extant national cultural literature in the context of international marketing and arrived at similar conclusions, as follows:

- Too much cross-cultural marketing research uses dimensional models of culture that is inadequate in design and execution;

- Before undertaking cross-cultural research, marketing academics need to understand the concept of culture together with the mechanics of how extant dimensional models of culture work;
- Researchers wanting to measure national culture together with other cultural phenomena must ensure that samples are selected correctly. For example, undergraduate student samples are usually inadequate for this purpose;
- When developing dimensions from self-assembled scales, labels must be used that are different from those of the existing models of national culture.

2.2.3 Cross-national culture

Contributions into cross-national culture seek to compare a specific phenomenon across multiple countries, societies, or cultures with the objective of legitimising its generalisability and universality (Chabowski et al., 2016). The concept of comparison is core to cross-national cultural research as the systematic validation of concepts and measures in vastly different environments is required (Kagitcibasi & Poortinga, 2000). Psychology research develops a deeper understanding of human behaviour (Manaster & Havighurst, 1972), which reflects its use in international business, for example, with topics such as negotiation, decision-making, leadership practices, consumer behaviour and marketing (Amjal et al., 2017). Empirical findings from existing research, as discussed above in Section 2.2.2 above acknowledge significant variations exist between human populations across a wide range of psychological and sociological processes including visual perception; reasoning; perceptions of fairness; cooperative behaviours; memory function and the inheritability of the intelligence quotient (Berry, 2015). For example, the existing research shows that North Americans and Western Europeans rely heavily on analytical cognitive processes during which there is significant reliance on rules to explain and predict human behaviour (Berry, 2015). These cognitive processes are used substantially more in the West than in non-Western cultures (Sam & Berry, 2015). Unlike the West, where the object and context are often separated in using objective reasoning processes, Eastern cultures tend to reason holistically by considering behaviour exhibited by people in a context (Hofstede, 1994; Najm, 2015).

Notwithstanding the definitional difficulties described above, in addition to playing influential roles in the development of psychology and sociology theory, research into cross-national culture has become an important dimension of the marketing, and especially relationship marketing, literature (Yaprak, 2008; de Mooij, 2015). Consequently, Academics have tended to use three methods of operationalising culture and thereby facilitating its inclusion in empirical marketing research (Sojka & Tansuhaj, 1995, p.4): "*First, through language; second, through material goods and artefacts, and third, through beliefs and value systems"*. While providing an interpretative framework for organising and presenting the world around us, language cannot be used alone to explain different behaviours across national cultures and sub-cultures (de Mooij, 2105). Possessions and artefacts allow a more tangible operationalisation of culture, as goods embody visible evidence of cultural meaning (Najm, 2015; Wong, 2017). Many cultural artefacts have been studied in cross-cultural contexts, for example, traditional clothing and idols (Najm, 2015). Finally, belief and value systems as operational definitions and dimensions of culture are considered instrumental in understanding cross-cultural behaviour (Wong, 2017). Hofstede's work and the other seminal researchers described above fall into this operationalisation category.

2.2.4 Intercultural competence

The increasing pace of internationalisation and the changing forms of globalisation, make the conduct of international business more complex than ever. Practically this complex landscape means that the intercultural encounters between business people are an increasingly common experience in an increasing number of countries around the world (Gu et al., 2016). Consequently, intercultural competence at the level of the individual manifests itself in the form of personal attributes, knowledge and skills as an increasingly important skill-set for the employees of MNCs (Canon et al., 2010). At the organisational level of an MNC, intercultural competence leads to improved business performance resulting from effective management of business operations across a complex and disparate range of locations (Yaprak, 2008). In the context of this study, this includes developing and maintaining relational exchange between Western MNCs and Saudi customer organisations.

Johnson et al. (2006) identify several themes in the extant literature relating to intercultural competence, including a lack of consensus on the definition of intercultural competence and a dearth of studies relating to intercultural competence in an international business context (Johnson et al., 2006). What does exist focuses on the skills and knowledge that may be antecedents in acquiring intercultural competence.

Arising from Johnson et al. (2006) there are two specific areas that provide the justification and rationale for developing intercultural competence at both the individual and organisational level (Swift, 1999). The first concerns management and leadership capabilities required by managers in addressing the complexity and ambiguity associated with the international business landscape (Collings et al., 2007). Second, is the development of managers who can run complex global operations (Dickmann & Harris, 2005; Friedman et al., 2005). Yan et al. (2002, p. 373, 374) highlight that "*the challenges involved in cross-cultural assignments can be high for both the individual and the organisation*", an experience characterised by "*all too familiar and vexing difficulties*".

The experiences of International managers' can be influenced by many things, with premature returns after failed assignments often reported. Amongst the many difficulties reported by managers on internal assignment are work-related issues such as transitional adjustment difficulties; differences in work-related norms; isolation; cultural shock. The more domestic related issues include homesickness; differences in health care; housing; schooling; cuisine; language, gender roles, and the cost of living (Harzing, 2002).

2.2.5 Psychic distance

Emerging in the extant literature in the 1970s (Johanson & Wiedersheim, 1975), psychic distance has become a theoretical perspective through which cross-cultural relationships have been studied (Swift, 1998). Psychic distance is defined as the: "*difference in perceptions between buyer and seller regarding either need or offers*" (Hallen & Wiedersheim-Paul, 1984, p. 17). Explicit in this definition is that '*perception*' is a major determinant of the degree of psychic distance between a buyer and seller. As defined by the Oxford English dictionary, perception is: *"The way in which something is regarded, understood or interpreted"* (Oxford English Dictionary). Perception, can, therefore, be

regarded as highly subjective and significantly influenced by, and a product of an individual's experiences and value system (Swift, 1998). As described above, value systems are largely determined by a person's socialisation and cultural background (Schwartz, 1994, 1999). In extending this logic, the extant literature argues that culture influences perception, which is used to interpret the circumstances in which psychic distance occurs. As a logical consequence, therefore, culture has an indirect influence on psychic distance (Holden & Burgess, 1994; Hallen & Wiedersheim-Paul, 1984). In Hallen & Wiedersheim-Paul's (1984) model of psychic distance formation, *'cultural affinity'* is described one of three key determinants in the formation of psychic distance, as illustrated in Figure 2.6, below.

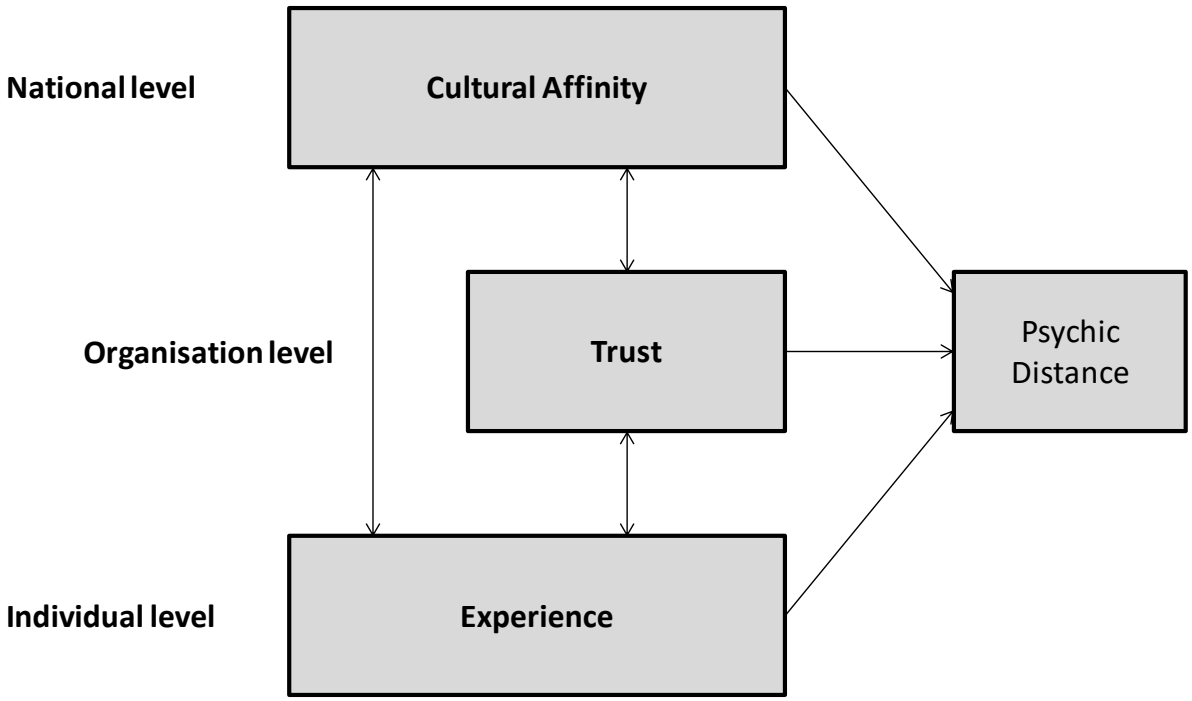


Figure 2.6: Model of Psychic distance formation (Hallen & Wiedershein-Paul,1984, p.18)

Hallen & Wiedersheim-Paul's (1984) model argues that factors at national, organisational and individual levels contribute to the nature and extent of psychic distance. Holden and Burgess (1994) define psychic distance, as the cumulative impact of cultural distance, mistrust and social distance (Holden & Burgess, 1994), in effect the negative image of Hallen & Wiedersheim-Paul's (1984) definition. Psychic distance is, therefore, reduced, or indeed psychic closeness achieved through the combined effect of cultural affinity, the development of trust and through experience (Hallen & Wiedersheim-Paul, 1984), as described below:

Cultural affinity: Occurring predominantly at the national level Holden and Burgess (1994, p. 33) define cultural affinity as: *"an important determinant of a firms' ability to estimate the needs and requirements of the other party. High cultural affinity is a major factor in reducing the psychic distance between two parties", (*Holden & Burgess, 1994, p. 33). A major determinate of this will be the extent to which a country is '*open*' to the world or has a more closed national mindset.

Trust: at the organisational level, trust is considered important. Hallen & Wiedersheim-Paul (1984, p. 18) state that: "*many aspects of relations between customers and suppliers cannot be formalised or based on legal criteria. Instead, relationships have to be based on mutual trust".* According to Dion et al. (1995, p. 2) trust, *"is an integral component in the development of long-term trade relationships".* Ford (1989) argues that trust is important, suggesting it is dependent on experience obtained through interaction, thereby creating a link with 'experience'.

Experience: influential mainly at the individual level and not only a feature of cultural distance, but powerful in determining psychic distance because of the influence on the formation of attitude. Experience derived prejudices can affect attitudes and behaviours towards customers and suppliers (Hallen & Wiedersheim-Paul, 1984).

As described above the relative importance of the various relational constructs differs at the various stages of the relationship process and (Wilson, 1995). In this regard, '*trust*' and '*experience*' are only obtained or lost through the course of interaction between the parties, whereas the components of *cultural affinity* may pre-exist and can be influential before the relationship development process commences (Dwyer et al., 1987; Wilson, 1995; Swift,1999). The extant literature suggests that cultural affinity could be the prompt for the initial relationship interaction in the first place (Dwyer et al., 1987). As Dwyer, et al. (1987, p. 16) state, the 'exploration' phase of developing relationships is influenced by "*attraction*". Homans (1973, p. 182) took the concept further, stating: *"the less the liking, the less the interaction".* In this context, liking can be said to influence relationship performance.

Cultural affinity is, arguably, relatively more significant as a relationship construct than either '*trust*' or '*experience*' because of its ability to influence relationship before they begin, and during their development (Homans, 1973; Dwyer et al., 1987). It may also potentially have a mitigating effect if '*trust*' and '*experience*' become negatively impacted by the relationship interaction (Swift, 1999).

The extant literature uses the terms "*affinity*" and "*liking*" interchangeably (Swift, 1999). The IMP Group refer to "*liking*" as significant in the development of business relationships. The issue of 'like' versus 'dislike' is considered by Adler and Graham (1989, p. 523), who argue: *"interpersonal attraction can strongly influence current negotiation outcomes and the success of future transactions".*

'Closeness', Swift (1999) argues, is the consequence of reducing physic distance between a customer and supplier. Whereas, cultural distance is the consequence of differences in the cultural backgrounds of the people involved in the relationship development process. Ergo, the greater the perceived difference with the other party's culture, the greater the degree of cultural distance, and therefore psychic distance (Swift, 1999).

2.2.6 National culture of the West

As a proxy for determining the national culture of the West, the seven countries from which the seminal research relating to the relationship marketing schools of thought has emerged, are used. These are the English-speaking countries of the United Kingdom, United States of America and Australia together with the Nordic countries of Finland, Sweden, Denmark, and Norway.

Using Hofstede's (1980, 1991) six dimensions of national culture defined above, the descriptive statistics for all seven countries are summarised in Table 2.5 below.

Table 2.5: Descriptive statistics of Hofstede's dimension for Western countries

	English speaking			Nordic			Combined		
Hofstede's dimensions	**Mean**	**SD**	**Range**	**Mean**	**SD**	**Range**	**Mean**	**SD**	**Range**
Individualism	90.00	1.00	2	69.30	2.01	7	78.14	11.58	28
Power Distance	37.00	2.65	5	28.30	1.97	15	32.00	6.93	22
Uncertainty avoidance	44.00	8.19	16	40.00	5.66	27	41.86	13.10	36
Masculity	63.00	1.53	5	13.80	2.55	21	34.86	27.19	61
Long term orientation	32.67	16.07	30	40.30	7.63	18	37.00	11.82	32
Indulgence	69.33	1.53	3	65.00	4.78	23	66.86	8.12	23

Based on Hofstede's dimensions for the seven countries, Western culture can be described as *Individualistic*; low in *Power Distance*; indeterminate concerning *Uncertainty Avoidance*; low in *Long-Term Orientation*, and *Indulgent*. The *Masculinity* dimension was the only Hofstede dimension providing a significant difference between the English speaking and Nordic countries, with the English-speaking countries having a *Masculine* culture and the Nordic countries having a *Feminine* culture. This is consistent with the direct, assertive and aggressive culture of English-speaking countries compared to the tender and more socially supportive cultures that are found in the Nordic countries.

2.2.7 Business culture in the West

Samaha et al. (2014) conducted a multivariate meta-regression analysis of 47,864 relationships, in 36 countries described in 170 extant empirical studies. Hofstede's dimensions of national culture were adopted in guiding the theory into the effect that culture has on relationship marketing (Samaha et al., 2014). Their results demonstrated that the '*Individualism*' dimension had by far the greatest impact on relationship marketing followed by the '*Power Distance'* and

‘*Uncertainty Avoidance’* dimensions (Samaha et al., 2014). ‘*Masculinity*’ had no impact, while ‘*Indulgence*’ and ‘*Long Term Orientation*’ had small to negligible impacts (Samaha et al., 2014). Business culture in the West is discussed below using the ‘*Individualism*’, ‘*Power Distance’* and ‘*Uncertainty Avoidance’* dimensions (Samaha et al., 2014).

In concurring with Samaha et al’s (2014) study, the extant literature regards the Individualism versus Collectivism dimension as being the most helpful in understanding differences in national culture (Hofstede, 1980; Schwartz, 1994; Triandis, 1995 & 2004: Abosag et al, 2006; Jones, 2007; Cannon et al., 2010; Bulow & Kumar, 2011; Malaki & de Jong, 2014; de Mooij, 2015; Robson, 2017). The extant literature describes countries high on the individualism dimension as having a high structural orientation and would, therefore, be most accepting of the structural nature of business relationships, as opposed to relational aspects (Williams et al., 1998). In this context, more emphasis is placed on structural (task-based) bonding (Turner, 1970), which is a precursor to the development of commitment in countries high on the individualism dimension (Williams et al., 1998). Abosag et al., 2006 concur in arguing that trust, in individualistic countries, is built mainly on economic instrumental dimensions in citing a study by Rodriguez and Wilson (2002). It is posited that this is because managers within individualist cultures prefer professional interaction, leaving little room where personal engagement can occur (Hampden-Turner & Trompenaars, 1997). Therefore, the components of affective trust, for example, empathy; caring; similarity; politeness, and showing concern are not a part of the development of trust (Abosag et al., 2006). This suggests that a level of cognitive performance-based trust is required before affective trust is developed (Rodriguez & Wilson, 2002).

What is described above would appear to apply also to the development of commitment, with instrumental (calculative) commitment being required before affective commitment can develop (Rodriguez & Wilson, 2002; Abosag et al., 2006). In concurring, the results of Abosag et al., (2006) empirical study found that respondents from individualistic societies are concerned with calculative and the instrumental nature of relationships, and where trust, conceptualised as a one-dimensional construct, is an antecedent of instrumental commitment and not influenced by affective or instrumental commitment (Abosag et al., 2006).

Affective commitment was found not to influence relationship performance, whereas instrumental commitment had the most influence regarding performance in the relationship and a key construct in maintaining a relationship (Abosag et al., 2006).

However, the causal relationship from instrumental commitment to affective commitment is supported by Meyer and Allen (1991). As stated by Cannon et al. (2010, p5), individualistic cultures are all about the "*deal and the deliverables*" (Cannon et al., 2010, p15). These findings are important in the context of the relationship development process between Western MNCs and their Saudi customers. They seem to suggest that a structural orientation together with instrumental, calculative, cognitive and performance related factors are important during the early stages of the relationship development process, to Western organisations. It is only later in the relationship development process, once credibility has been established that relational and affective constructs may play a small role, although the extant literature is ambiguous in this regard.

Consistent with a structural orientation, 'Individualist' societies have low contextual communications (Ismaeel & Blaim, 2012) and '*what*' is exchanged between the parties is regarded as being more important than 'who' provides it (Uzzi, 1997). These cultures also tend to follow cognitive predictable rule-based processes explained by theories such as social exchange theory described in Section 2.1 (Samaha et al., 2014). Business practices also tend to be more arm's length and less relational. Nevertheless, executives tend to have a greater inclination for trust than executives from collectivistic cultures (Huff & Kelley, 2005). The extant literature suggests that companies from individualist countries may have an advantage in their ability to develop relationships with external exchange partners (Huff & Kelley, 2005).

Managers from low '*Uncertainty Avoidance'* countries, often appear to be more willing to take risks, more tolerant and flexible while also being less emotional and more willing to delegate responsibilities to subordinates (Hofstede, 1991). In low '*Power Distance'* countries the management style tends to be more democratic, with a greater decentralisation of authority and decision-making powers (Berger & Herstein, 2012).

2.2.8 National culture of Saudi Arabia

Little has been written to help Westerners understand modern Saudi society and its social and cultural practices in either Western or Arabic language (Nydell, 2006, 2012). There is a dearth of research relating to the large majority of urban Saudis, many of whom are well travelled, well-educated and urbane (Rice, 2004; Williams, 2013). Most of the research that does exist takes an ethnographic and anthropological perspective in studying nomadic Bedouin societies, which is of little practical use in a modern business context (Nydell, 2006), as it is majority urban Saudis that Western business people will encounter. To better understand modern Saudi society, identifying their most important and fundamental beliefs and values is a useful starting point, as it is this that determines their view of the world and governs their social behaviour and ultimately their behaviour in a business context (Bjerke & Al-Meer, 1993).

KSA is both an Arab and Islamic country, and in many ways, it is still a very traditional country in which the culture highly values mutual dependence and has a need for high affiliation (Yousef, 1974; Kalliny et al., 2006). An individual's success is not measured in earnings or individual achievement, but by the contribution made to the family in supporting parents, brothers, sisters and the wider extended family in their personal and professional lives. Understanding this loyalty to family and the primary social grouping (Quabileh) to which an individual belongs is essential in understanding Saudi culture (Williams, 2010; Lacey, 2010). The Bedouin proverb: *'I against my brother; my brother and I against my cousins; I, my brother and my cousins against the stranger'* (Bates & Fratkin, 2003), exemplifies both this sense of family loyalty. It also hints at a hierarchy of loyalty within society, and a less than positive attitude towards outsiders. This arguably negative perception of strangers or outsiders is further evidenced by the fact that KSA is not racially, or culturally, diverse and that an individual can only become a Saudi citizen if their father is a Saudi citizen (Kalliny et al., 2006; Baghdadi, 2013).

It is argued that the combined effect of the harsh desert environment of the Arabia peninsula, the nomadic lifestyle of the Bedouin and the strict observance of Islam is what has shaped modern Saudi culture (Williams, 2013). It must be remembered that Saudi Arabia, as a sovereign country, has existed for

approximately 90 years, and the modern, sophisticated Saudi society of today for less than 40 years (Ali, 2009; Baghdadi; 2013).

For the nomadic Bedouin tribes, the only structure to their lives was provided by Islam and the observance of the timing of the five daily preys. In this cultural setting, there was a prevailing attitude of yesterday is gone, only God knows what will happen tomorrow and therefore a very strong tendency to live in the moment and deal with what was in front of them (Patai, 2007; Williams, 2013). The harsh desert climate also created in Bedouin culture a strong risk aversion and intuition to rapidly evaluate the prevailing circumstances, taking advantage of opportunities as they presented themselves while avoiding potential problems.

Some of these traits are evident in modern Saudi culture today. The caution and risk aversion, the lack of planning and a very flexible attitude to timing keeping and spur of the moment engagements, together with a strong reliance on intuition based decision making are commonplace. For many older Saudi's, i.e. over 50 years of age and for those that are very religious, planning and forecasting is 'haram' (forbidden). At best it is considered presumptuous, and at worst an attempt at second-guessing God's will (Williams, 2013).

In Saudi culture, people are divided into either friends or strangers (Nydell, 2006, 2012), and relationships are very personalised. The rights and duties arising out of friendship in KSA are very different from that in the West. From a friend, loyalty is expected and as a clearly understood and inherent part of this relationship, so too is the giving and receiving of favours, without complaint or indignation (Buchele, 2008). Indeed, it is the 'duty' of a friend to help and carry out favours to the best of their ability. However, as with relationships in all parts of the world, they are predicated on respect and likability, and a relationship will not be entered if this is not present (Al-Hussan, 2011, Abosag & Naude, 2014).

'Wasta' is central to the social fabric of Saudi society (Al-Hussan, 2011; Baghdadi, 2013). It has its roots in the loyalty to tribe, clan and family networks that dominate societal structures (Weir, 2003). Etymologically, the word 'Wasta' is derived from the Modern Standard Arabic word (وَاسِطَة - *wāsiṭah*) which can mean *medium or middle* (Baghdadi, 2013). In a more literal sense, Wasta refers to the use of personal or family connections, influence and networking for

personal gain (Kilani & Sakijha, 2002; Mohamed & Hamdi, 2008; Neil, 2010; Al-Hussan, 2011; Baghdadi, 2013).

Wasta has two key functions in Saudi society: The first, 'mediation' and the second, 'intercession' (Cunningham & Sarayrah, 1994; Al-Hussan, 2011). Intermediary Wasta is concerned with the resolving conflict; between people, families or clans and is regarded as an honourable role in building ties between the different elements of society, in bringing about peace and prosperity. Intercessory Wasta concerns the intervention of an influential person on behalf of a relative, friend or associate to create some advantage for them (Cunningham & Sarayrah, 1994). The use of intercessory Wasta is pervasive across all aspects of family, social, political and business endeavour (Al-Hussan, 2011), from securing school places for children, accelerating medical treatment, obtaining employment and securing deals in a business context (Hutchings & Weir, 2006).

Special types of relationships that are socially and culturally bound have emerged from the research literature in recent years (Liu et al., 2008; Abosag & Naude; 2014;). In Russia, these special relationships called '*Blat*'; in China, *'Guanxi';* in Thailand *'Boon Koon'* and Saudi Arabia; '*Et-Moone'* (Abosag, 2012).

'Et-Moone' is a distinctive Saudi concept, which is at the core of a relationship that is both strong and appreciative and is comprised of features such as deep empathy, interpersonal liking and gratitude (Abosag & Lee, 2013). Et-Moone is distinguished from other forms of culturally bound relationships in that reciprocity is not always required, as is the case with Guanxi (Wang, 2007). Abosag and Lee (2013, p.610), describe the four most important factors leading to the creation of Et-Moone relationships:

1. *"Positive past interactions;*
2. *Trust and strong relationship commitment;*
3. *Strong personal friendship characterised by high levels of empathy, liking and reciprocity;*
4. *Mutual acceptance of power sharing and decision making".*

While important in a social setting, the Et-Moone concept has also found to be influential in developing and maintaining business relationships (Abosag, 2015), and is therefore considered further below.

KSA has a high context culture in that the meaning of words and dialogue is embedded in the context of the exchange between people and it is, therefore, important to understand the contextual setting of the conversation to interpret the meaning (Hall, 1982; Al Suwaidi, 2008; Nydell, 2012;). This indirect style of communication (French, 2010) is often a source of significant misunderstanding and a potential barrier to the creation of a beneficial relationship with Westerners. For example, when a Saudi says 'yes' to a question or request, he often isn't certain what action will be taken or indeed whether it is possible at all, but etiquette demands a positive response to the request (Nydell, 2006; Al Suwaidi, 2008). It is considered polite to reply positively and demonstrate goodwill as opposed to saying no, or giving a blunt refusal. If 'no' is intended, it is conveyed indirectly using avoidance and delaying tactics. Exchanges of this nature are very subtle, context-specific and can often be confused, by Westerner's, as demonstrating a lack of integrity and dependability. Whereas from the perspective of a Saudi, he is just conforming to a concept of politeness that is derived from Saudi culture and that avoids confrontation and negativity to make a good impression. However, this behaviour combined with a disregard for timescales and not committing to dates is considered by Westerners as disingenuous and dishonest. Invoking God, with the phrase '*Inshaa Allah',* tends to reinforce this Western view (Nydell, 2012).

Saudi's are an emotional people and place significant value on the appropriate use of emotions in communicating, including shouting, use of metaphors and animated physical gesturing (Almaney & Alwan, 1982; Feghali, 1997; Kalliny et al., 2006). Also, as a consequence, they have a strong tendency towards subjectivity (Patai, 2007; Nydell, 2012). This combination is difficult for Westerners to understand and is often the source of misunderstandings. The tendency towards subjectivity, intuition and emotional outbursts is often regarded by Westerners as immature and petulant behaviour (Williams, 2013).

A Saudi's view of events or people is strongly influenced by personal feelings and emotions (Bakhari 1995, Nydell, 2012). They value the 'person' above the 'task', and the protection of honour is regarded as much more important than the demonstration of facts, underlining their tendency towards subjectivity and emotional responses. In any given social or business setting a Saudi will fully understand the interactions that are taking place, but would seldom openly

challenge another person, and would never accuse somebody of lying. Nor would they insist on the provision of proof or the demonstration of facts, especially if this caused embarrassment or humiliation to another person. '*Lying*' is very much regarded as a Western concept (Nydell, 2012). Saudi's, however, regard Westerners as emotionally cold and inscrutable with a tendency to be aggressive (Patai, 2007). Westerners make accusations far too readily if they do not get what they want and can seldom be relied upon or trusted (Nydell, 2012).

Saudi cultural values can be summarised as follows:

- Loyalty to family grouping (Quabileh) is paramount and takes precedence over everything else (Williams, 2010; Sabri, 2011);
- Personal status is determined by an individual's family background in the first instance, followed by personal achievement and character;
- An individual's reputation, dignity and honour are extremely important and must be protected or spared. This is commonly referred to as 'saving face' (Hutchins & Weir, 2006). Honour is viewed in a collective context and therefore attributable to the whole family or tribe, as is the corollary;
- Creating a good impression, by behaving with good manners and politeness, with others is also considered very important;
- High context culture with an indirect style of communication and one in which emotion is considered important;
- The rights and duties arising out of friendship in KSA are very different from that in the West;
- 'Wasta' is a key aspect of the social fabric of Saudi society, and the use of intercessory Wasta plays an important role in business relationships;
- Et-Moone is a distinctive Saudi concept, which is at the core of relationship development and maintenance.

In addition to the traditional tribal Bedouin heritage that establishes the strongly held hierarchical loyalty to family, clan, and tribe and ultimately the country, Islam is the other pillar of Saudi society and culture (Dadfar, 1984). It is this fusion of the traditional Bedouin culture combined with the Salafist or Wahhabis brand of Islam that gives KSA its distinctive national culture (Lacey, 2010).

It is difficult to overstate the importance that Islam has on the workings of Saudi society. It is significantly more than just a religion as it provides the basis of the

governmental, legal and societal structures (Rice, 2004). It determines the structure of people's lives daily with prey five times a day as well as determining opening and closing times of shops and limitations on foods. It also provides structure to the year requiring people to observe the fasting period of Ramadan, the Hajj pilgrimage and the Eid al-Fitr and Eid al-Adha holidays (Punnet & Ricks, 1992). It is also a source of immense pride to Saudi's that KSA is at the heart of the Islamic religion, being both the birthplace of the Prophet Mohammed and home to the two holy cities of Makkah and Medina (Buchele, 2012). The hosting of three million pilgrims for the annual Hajj pilgrimage is also regarded as a solemn deputy and a national priority, with literally no expense spared.

In addition to the impact on Saudi society, Islam has a significant impact on cultural behaviours, values and norms (Rice, 1999). The vast majority of Saudi's believe in God (Allah) and acknowledge and accept His power, and is so doing also accept that humans are not in control of events (Nydell, 2012). All things, it is believed, are dependent on God's will and this fatalism is a central feature of the Saudi belief system (Acevedo, 2008). It results in the often heard saying *"Inshaa Allah",* taken from Islamic scripture, Surat Al Kahf (18): 23-24, meaning "if God wills" (Quran). An example of this is observed in the Saudi attitude to time, deadlines and milestones. Saudi's are typically undaunted by lateness or delays and the consequential knock-on effects, because good or bad, it is the will of God (Alon & Brett, 2007). This is in sharp contrast to belief systems in West that has rejected fatalism, adopting instead the logic of the Greeks, empiricism together with its '*cause and effect'* and the humanism of the enlightenment (Crotty, 1998).

Saudi Islamic values can be summarised as follows:

- All belief in God and acknowledge His power;
- All things are 'written' and determined by fate, and that is God's will;
- There is no separation between the Government and Islam, and the Government must promote and protect Islam;
- The belief in and practice of Islam is sacrosanct. Modern interpretations and the imitation of Western culture will weaken Saudi society and culture, and this must be resisted.

In summary, Saudi's have a very different worldview from Westerners, derived from their traditional Bedouin heritage combined with the teachings of their Islamic faith. Abu-Musa (2008, p.7) describes Saudi culture as: "*unique and shaped by the influences of religion, tradition, tribal structure and distinct values and behaviours*". As the national religion of Saudi, Islam shapes the lives of its people and their cultural norms, values, traditions, behaviours, obligations and privileges (Al-Saggaf & Wagga, 2004). Saudi culture has its roots in the teachings of Islam and Bedouin traditions which still play an important role in modern Saudi life. Affiliation to the family and the tribe are of the utmost importance to obtain support in struggles of everyday life (Al-Saggaf & Wagga, 2004).

2.2.9 Saudi national culture according to Hofstede

Hofstede's six dimensions of national culture (Hofstede, 1980; Hofstede & Bond, 1988; Hofstede et al., 2010), as described in Appendix A2.2, are used to describe the national culture of Saudi Arabia, as follows:

Power Distance dimension: Saudi Arabia scores a very highly 95 (out of 100) on the Power Distance dimension, meaning that Saudis acknowledge that a hierarchical order exists in which people accept their place. The hierarchical structural reflects inequalities in society, centralisation is popular, subordinates expect to be told what to do, and the ideal leader is a benevolent autocrat. This is important in the context of business relationships in understanding how decisions and where authority exists for getting things done (Hofstede, 1980).

Individualism dimension*:* Saudi Arabia, with a very low score of 25 (out of 100) for the Individualism dimension, is considered a collectivistic society (Hofstede, 1980; Al Suwaidi, 2008), which is manifest in a long-term commitment to tribal relationships, extended family and other close relations. Loyalty to the family in a collectivist culture is paramount and over-rides most other societal rules and regulations, including a sense of national identity (Al Suwaidi, 2008). A collectivist society fosters strong relationships where everyone takes responsibility for fellow members of their family group (Williams, 2010). In collectivist societies offence leads to shame and loss of face, employer and employee relationships are perceived in moral terms in the context of a family group, hiring and promotion decisions take account of the employee's family relationships, management is the management of interrelated

groups (Patai, 2007). This is important in the context of business relationships, especially from a Western perspective, as it highlights the difficulty that outsiders are likely to encounter in building trusting sustainable business relationships.

Masculinity dimension: Saudi Arabia scores 60 (out of 100) on the Masculinity dimension and is thus defined as a moderately masculine society. In masculine countries people managers are expected to be decisive and assertive, the emphasis is on equity, competition and performance and conflicts are resolved by fighting them out (Ref). As Saudi is a moderately masculine society, not all of these traits are present in Saudi culture (Hofstede, 1980).

Uncertainty Avoidance dimension: Saudi Arabia scores a relatively high 80 (out of 100) on the Uncertainty Avoidance dimension and thus prefers avoiding uncertainty. Countries exhibiting high uncertainty avoidance maintain rigid codes of belief and behaviour and are intolerant of unorthodox behaviour and ideas. In these cultures, there is an emotional need for rules, even if the rules never seem to work and innovation may be resisted, and security is an important element in individual motivation (Hofstede, 1980). Again, this has important implications for Western MNCs in how they attempt to conduct business with Saudi customers especially in relation to how information is presented.

Long-Term Orientation dimension: The normative nature of Saudi Arabian society can be seen in its low score of 36 (out of 100) on the long-term Orientation dimension. Saudis exhibit great respect for traditions, a relatively small propensity to save for the future, and a focus on the here and now and achieving results quickly (Hofstede & Bond, 1988). This is reinforced by the fatalist belief system and the influence of Islam (Patai, 2007). This is potentially problematic for a Western MNC in that for Saudi customers everything has a short-term focus and tends to be very tactical and piecemeal.

Indulgence dimension: Saudi Arabia's intermediate score of 52 does not point to a clear preference on this dimension (Hofstede et al., 2010).

Using Hofstede's (Hofstede, 1980; Hofstede & Bond, 1988; Hofstede et al., 2010) dimensions of national culture, Saudi national culture can be summarised as follows: moderately masculine; having a very high power distance

orientation; collectivist with a high uncertainty avoidance perspective; a relatively short-term orientation and with an indeterminate position with regards indulgence. These dimensions are illustrated in Figure 2.7 below.

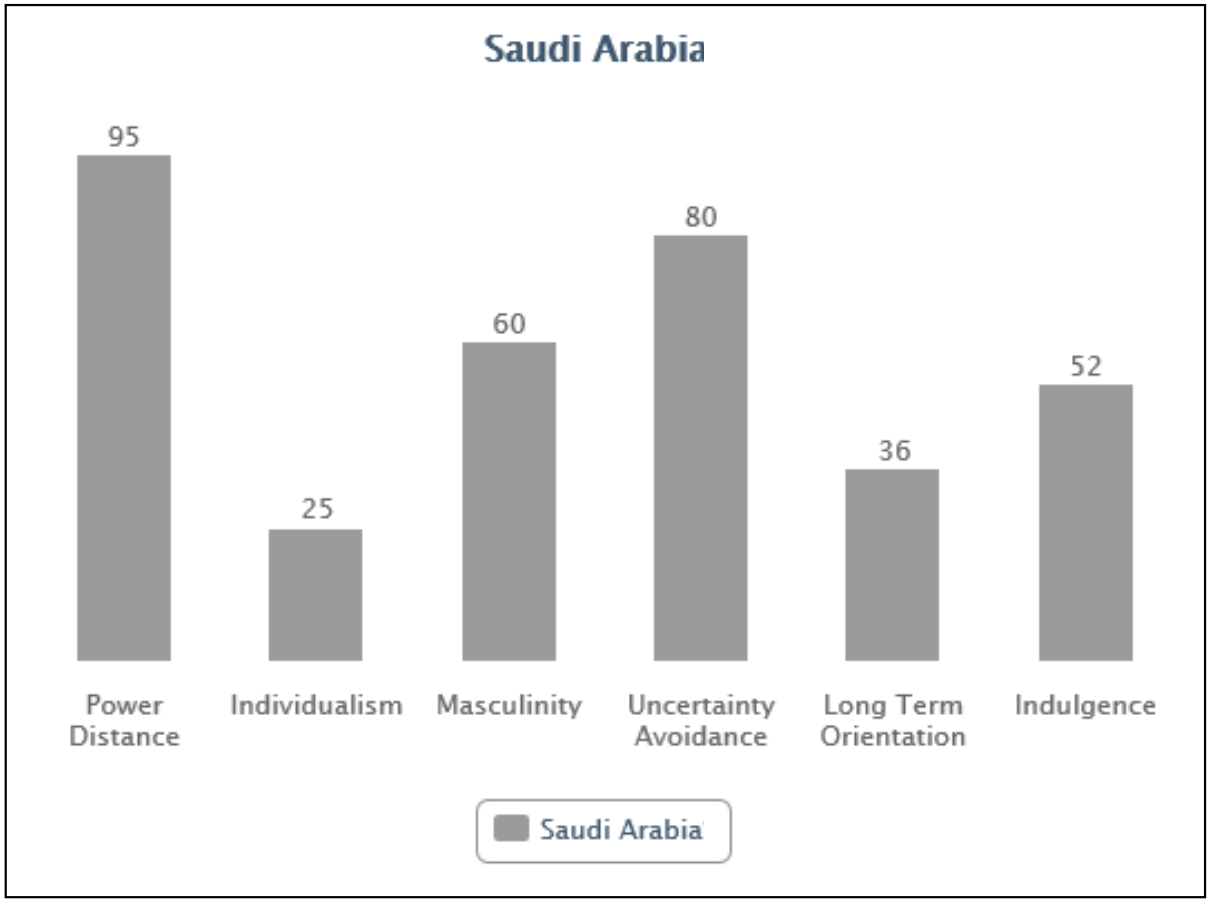


Figure 2.7: Hofstede's six dimensions of Saudi national culture (Source: https://geert-hofstede.com/saudi-arabia.html)

2.2.10 Business Culture in Saudi Arabia

Business relationships in Saudi are very much an extension of personal relationships indeed there is virtually no discernible separation between business and personal lives (Baghdadi, 2013; Williams, 2013). In Saudi culture people and relationships are not easily compartmentalised into 'colleague', 'manager' or 'client' without there also being some degree of social interaction and the creation of personal friendship (Al-Hussan, 2011). For Saudi's, all business acquaintances are potential friends, and strong personal relationships are the most significant factor in building business relationships (Abosag & Lee; 2013).

Weir, (2000, p.73) comments: "*The West is re-writing the textbooks of marketing to introduce the novel insight of relationship marketing. But in the*

Arab world all marketing, indeed all business, is based on relationships. All is directed towards the long-term accumulation of position, standing, relationship and prestige".

The business culture of KSA is effected by the extensive influence of Islam. Saudi's are Arabs and devoted to Islam, and as explained above Islam influences all aspects of Muslims' lives. Consequently, Saudi culture has a detail-orientation in that the principles and social behaviours such as respect solidarity and generosity, are strongly emphasised, and pervade the Saudi business world influencing how Saudi's manage business dealings (Gorrill, 2004). The significance of maintaining "*face*" is paramount in KSA business culture and involves using compromise, patience and self-control to resolve conflict and avoid embarrassing or discomforting others. Thus, preventing a loss of face is essential for business success in KSA (Gorrill, 2004).

Interactions between people in a business environment closely mirror that of social intercourse with the same high context and interactions subject to the same fine degrees of subtlety (Hutchings & Weir, 2006). The source of a proposal, idea or statement is evaluated much more thoroughly than the substance, and if a Saudi considers you a friend, he will find a way to make it work. However, the converse is seldom the case (Hutchings & Weir, 2006). Navigating the issues associated with time is a particularly difficult aspect of business activity, especially for Western organisations (Alon & Brett, 2007). Saudis do not like to be pressurised into making decisions or agreeing to deadlines, and forcing the issue can be perceived as impolite and potentially insulting, and ultimately is likely to damage the likelihood of success (Rice, 2004). Indeed, success is more likely to depend on the demonstration of patience and investing in creating a personal relationship (Rice, 2004).

Saudis in general and their business culture is polychronic, in that they are inveterate multi-taskers (Williams, 2013). A Saudi manager's office will typically have an open-door policy with colleagues coming and going; the phone will be answered it if rings and a meeting in progress, all going on at the same time (Buchele, 2008; Williams, 2013). While easily distracted, interruptions tend to be well managed with a willingness to help if they can. People are their primary interest, and especially close relatives, friends and colleagues. Issues of promptness and adhering to an agenda are based on the nature and

importance of the relationship, as opposed to the task at hand and objectives are considered desirable outcomes as opposed to imperatives (Patai, 2007; Buchele, 2008; Nydell, 2012; Williams, 2013).

Decision making within Saudi customer organisations can also be a source of confusion for Western MNCs (Al-Hussan, 2011). What can seem paradoxical is that Saudi business culture is very hierarchical (Patai, 2007), and yet decision making is often perceived as driven by consensus (Williams, 2013). What tends to happen is that the most senior person in the customer organisation will make the final decisions, but after a period of consultation that is likely to include senior colleagues, friends, advisors and external experts. Those with the greatest influence over the decision maker tend to be those that have the strongest relationship, and in whom there is the greatest trust, but who do not necessarily have the greatest expertise or knowledge (Al-Hussan, 2011; Baghdadi, 2013). This model of decision making has its origins firmly in the Bedouin tradition of the 'Majlis al-Shura' – the consultative council (Mellahi, 2006; Williams, 2013). From ancient times, right up to the current day members of the family, clan and tribe gather in a formal setting to express their views and concerns to the head of the family (Williams, 2013), after which a decision is made. Decision making in a business context mirrors this Bedouin tradition, with the basis of the decision often a reflection of how wasta has influenced the decision marker and nature and extent of the Et-Moone relationships within the decision markers stakeholder network (Abosag, 2015). Understanding these power structures is fundamental to analysing Saudi organisational structures, and Saudi business and buyer behaviour (Weir, 2003). In this context, a Saudi businessman does not have the same freedom of action, or the ability to contract as a Western businessman would (Rice, 1999; Solberg, 2002; Al-Hussan, 2011). A Saudi's actions are constrained by the obligations he has to his family and friends and their honour. Consequently, he will not trade this solemn duty, rooted in this strong loyalty to family and friends, with the favouring of outsiders or foreigners (Al-Hussan, 2011). This will apply even if the business decision being made is patently sub-optimal or even just plain wrong (Solberg, 2002).

KSA businesses typically adopt a patriarchal management structure with the high context culture leading to indirect and implicit styles of management and

communication (Hofstede, 1991; El Said & Harrigan, 2009). In KSA business models tend to be socially based with people and relationship being more valued than what is exchanged (Rice, 1999). Saudi's are emotional, suspicious and intolerant of change, security seeking and keen to avoid uncertainty by establishing familiar hierarchical and patriarchic structures. KSA is also a low trust society characterised by hesitancy in relying on non-family members for key business decisions (Ali, 1995), because family members are usually chosen to maintain family ownership and consolidate control, not for their effectiveness (Sudani & Thornberry, 2013).

Social networks are a ubiquitous phenomenon in KSA, resulting from the fact that Saudis are expected to act together and to protect each another (El Said & Harrigan, 2009). For example, they are ordered to prey in congregation five times a day, promoting a collective purpose and a deep sense of togetherness (Al-Moharby, 2011). KSA business culture is founded on close family ties and networks (Patai, 2007), and Wasta connections consistent with Islamic ethics and principles (Hutchings & Weir, 2006). Saudi business relationships, as explained above, are rooted in personal engagement which includes a strong emotional component (Khakhar & Rammal, 2013) a dynamic seldom understood by Western managers. Mitchell (1969, p.2) defines social networks as a: *"specific set of linkages along a defined set of persons*" and that the "*characteristics of these linkages as a whole may be used to interpret the social behaviour of the persons involved*" (Mitchell, 1969, p. 2). Mitchell suggests that the '*group*' is central to the interaction of people within an established set of relationships, and is more important, therefore than any information that they shared. The existing marketing literature describes a number of social network based business exchange models (Grief, 1994; Uzzi, 1997; Berger et al., 2015). These models include the Chinese concept of 'Guanxi' (Barnes et al, 2011; Berger & Herstein, 2012), 'Blat' in Russia (Ledeneva, 2009; Puffer & McCarthy, 2011; McCarthy et al, 2012), 'Juggad' in India (Ardichvili et al., 2012; Gupta & Singh, 2013), 'Kankei' in Japan (Usunier, 2000), and 'Wasta' in Arab countries (Al-Khatib et al, 2002; Hutchings & Weir, 2006; Tlaiss & Kauser, 2011; Berger et al, 2015).

While the social network cultures described above differ in a number of respects; they have some common features. The central concept in business

across social network based cultures is to establish the relationship first, and only then come to the intended business matter later (El Said & Harrigan, 2009). The overarching assumption, however, in these social network cultures is that a network of social connections already exists and the primary issue relates to if, and how, it may be accessed (El Said & Harrigan, 2009).

The impact of the agglomeration of the issues discussed above is under-researched and inadequately understood by Western MNCs either operating in KSA or planning to establish a local subsidiary (Mababaya, 2002; Ali, 2009). Hain (2011) conducted an exploratory empirical study into risk perception and risk management activities of forty-nine German headquartered MNCs, operating in Saudi Arabia through a local subsidiary company. The study reveals that cultural risk is both perceived and assessed, to be more important than political risk, financial risk, and economic risk with most of the firms studied struggling to adapt to local business practices and customs. The research recommended that greater focus should be placed on cultural risk factors, by Western MNCs considering operating in the KSA market, in future research (Hain, 2011).

2.2.11 Comparison using Hofstede's dimensions

In the context of this study, a comparison of the national cultures of the Kingdom of Saudi Arabia with those of Western national cultures is warranted and provided in Figure 8 below. The West is defined as those countries from which seminal research relating to relationship marketing theory has emerged.

As can be seen in Figure 2.8 below, significant differences exist in three of Hofstede's dimensions, two of which are considered as being very significant. First, the *Power Distance* dimension, there is a significant difference between Saudi and Western cultures with Saudi having a high score of 95 and the Western countries having a mean score of 33. Second, the *Individualism* dimension, there is also a significant difference between Saudi and Western cultures with Saudi having a very low score of 25 and the Western countries having a mean score of 78. Third, the *Uncertainty Avoidance* dimension, while less pronounced the different is still significant in that Saudi has a relatively high score of 80 compared to the Western countries having a mean score of 42.

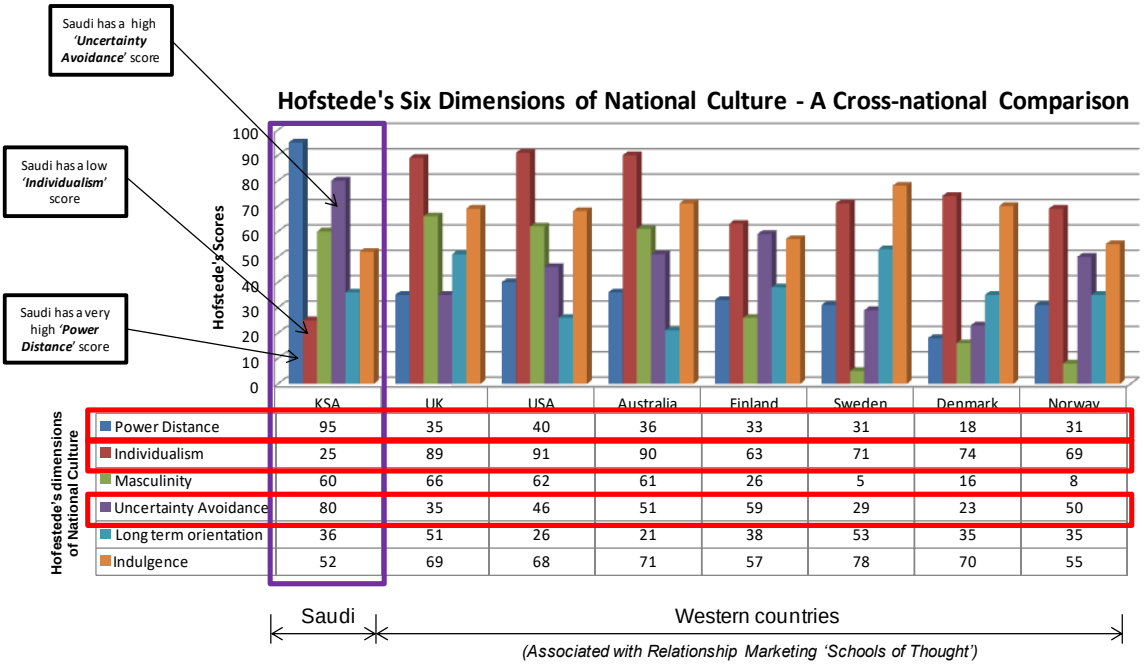


Figure 2.8: Hofstede's dimensions – a Saudi comparison with the West

The implications of these differences in culture, in a business context, are significant (Ali, 2009). Saudi Arabia is a collective society in which seniority and hierarchy are very important. Collectivist cultures also tend to be high context cultures based on strong family orientation and extended group commitment together with social networks where face-saving is crucial (Hofstede, 1991). Uncertainty avoidance and the need for high levels of specificity, certainty and detail is also important.

In traditional Western business relationships, discussed above, there is a strong emphasis on the immediate deal itself and on '*getting the deal done' a*s being the most important aspect of the business relationship (Gronroos, 1997). Friendship and personal liking are not regarded as essential. Friendship may develop, but only later, separately from the business transaction (Gronroos, 1997). It is common in Western culture to maintain a separation between business and personal relationships, not least for the maintenance of probity and ethical standards (Nydell, 2012). Thus, in the non-Western social network cultures, the business culture and relationship building process appear to be in direct contrast to Western practice (Nydell, 2012). Building relationships before engaging in business activity are regarded as time-consuming, but once established verbal contracts become absolute because a person's word is they

bond. Failure to comply with verbal obligations will lead to termination of the business relationship (Patai, 2007). The social network business practices described above are a central feature of business relationship development in the Arab world generally and especially in Saudi Arabia (Ali, 2009). Hofstede (1991), argues that Western countries including the UK and USA, when compared to Middle Eastern countries, are at polar opposite ends of the spectrum with respect to cultural values.

2.2.12 Comparison using relationship constructs

Table 2.6 below provides a summary comparison of the differences between Western and Saudi national cultures using Hofstede's dimensions and the relationships constructs of trust and commitment.

Table 2.6: Summary of differences in national culture

	Summary of differences in National Culture from Hofstede			
	Dimensions & Constructs	**Western position**	**Saudi Arabia position**	**Significance**
Hofstede's Dimensions	Power Distance	Low	Very high	**Very significant**
	Individualism	Individualistic	Collectivist	**Very significant**
	Masculinity	Moderate	Moderate	**Not significant**
	Uncertainty avoidance	Low to moderate	High	**Significant**
	Long-term orientation	Low	Low	**Not significant**
	Indulgence	Moderate	Moderate to high	**Not significant**
Constructs	Affective Commitment	Low	High	**Very significant**
	Instrument Commitment	High	Low	**Very significant**
	Affective Trust	Low	High	**Very significant**
	Cognitive Trust	High	Low	**Very significant**

In two of Hofstede's dimensions, the differences in National culture is very significant, namely in Power Distance and in the Individual-Collectivism dimension. This has important implications for Western MNCs in how they approach Saudi customers and in how KAM is applied.

There are also significant differences in the affective and cognitive dimensions of trust and commitment, with the Western having a stronger orientation towards the cognitive and instrumental facets of trust and commitment. Whereas Saudi has a greater affinity towards the more emotional, subjective aspects of affective trust and commitment. Again, this has important implications for Western MNCs in how they deploy relationship marketing in Saudi Arabia.

2.2.13 Gaps in the literature

Psychology is concerned with the study of human behaviour while the shaping by cultural influences is the concern of psychology and sociology (Sam & Berry, 2015). Psychology and sociology are significant disciplines in a relatively small number of countries across the world. Developed originally in North America, they maintain very close alignment with the culture and traditions of Western countries and cultures. While increasingly taught, studied, and practised globally, psychology and sociology remain largely aligned to Western culture (Berry et al., 1992), with the relevance of the concepts and empirical findings limited to a small part of the Western world (Henrich et al., 2010).

While culture is regarded as a key variable in psychology and sociology, Berry and Triandis (2006) argue that these disciplines ignore the significant role played by culture in the development of human behaviour. As consequence of these significant omissions, international research is devoid of empirical findings and insights concerning knowledge of human behaviour relating to the earliest-developed societies which are also the most complex and most populous societies in the world. The psychological and sociological contributions from China, India, Africa and the Arab world are largely unknown to Western academics resulting in a dearth of research to guide the development of business practice.

2.2.14 Section Summary

In summary, the complex landscape of cultural theory is summarised in Figure 2.9 below has been critically reviewed, and then applied, in the form of Hofstede's dimensions, in defining Western and Saudi national culture together with the corresponding business cultures.

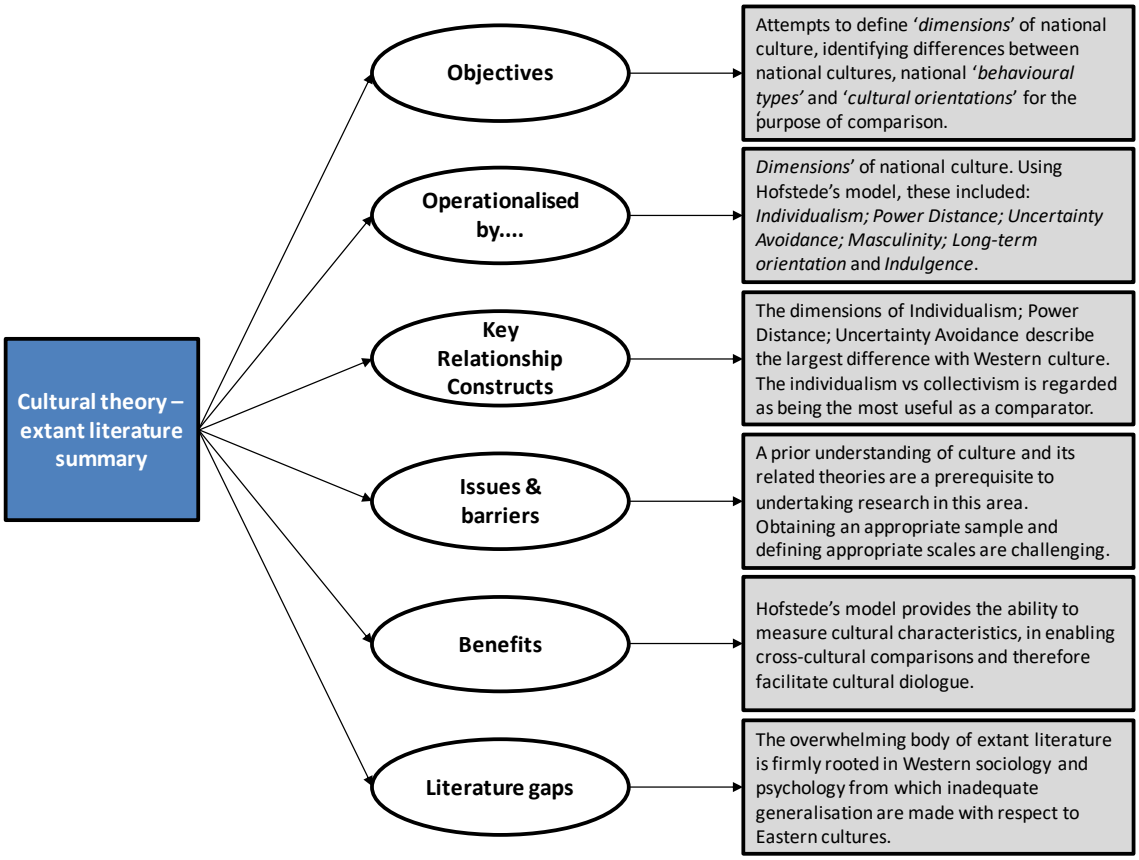


Figure 2.9: Summary of the extant literature relating to cultural theory

The key outcomes from this review are summarised in Table 2.6 above in highlighting the significant differences between Western and Saudi cultures in Hofstede's *Power Distance* and the *Individual-Collectivism* dimension and in how the affective and cognitive dimensions of trust and commitment are perceived by the two cultures.

In the next section, B2B relationship marketing theory is explored.

2.3 Relationship Marketing Theory

In this section, as highlighted in Figure 2.10 below, relationship marketing (RM) theory is explored together with its operationalisation using key account management (KAM).

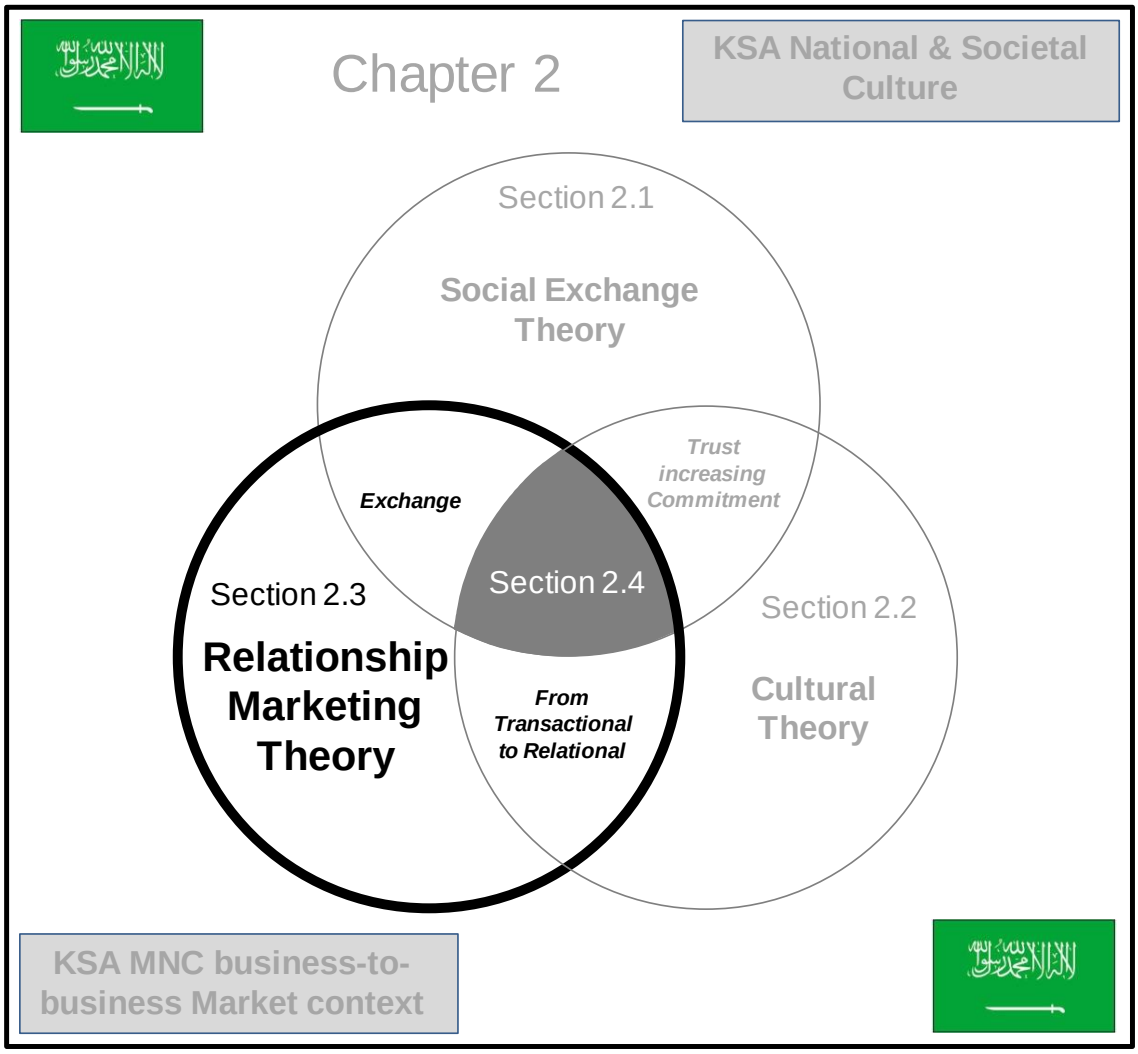


Figure 2.10: Organising framework showing the academic positioning for this study - RM

2.3.1 The emergence of relationship marketing

As is widely accepted, the contemporary business discipline of marketing grew out of the field of economics (Wensley,1995; Parvatiyar & Sheth, 2000). As a consequence, it has focused for a long period primarily on the generation of *'demand'* and the acquisition of new customers (Lindgreen, 2005; Mahisha et al., 2017), neglecting the retention of existing customers (Berry, 1983). The business practices used in this context have been the classic '*4P model'* describing the marketing mix variables and the use of promotional and advertising techniques in appealing to different segments of a market at different price points (Lindgreen, 2005).

However, a relationship based approach to conducting business has existed throughout the history of human involvement in trade and commerce (Moller & Halinen, 2000; Gronroos, 2004; Finch et al., 2015). Indeed, it is the focus on transactions by MNCs, and the use of the '*4P model'* that is the real historical anomaly in marketing theory and practice, emerging only in the 1900s (Palmatier, 2008). When viewed from this wider historical perspective, RM is not a new paradigm in the theory of marketing that many marketing academics proclaim (Moller & Halinen, 2000; Palmatier, 2008).

Since the early 1980s, however, the way in which Western MNCs have managed their customers has changed profoundly impacted by numerous changes across the global business landscape (Thoma, 2012). The marketing and sales function of MNCs faces an ever-increasing range of challenges in the global business environment, emanating primarily from the forces of globalisation and the computerisation of the service sector of Western economies (Thoma, 2012; Sheth, 2017). These forces of globalisation have led to the intensification of competition including downward pressure on pricing as a consequence of centralised strategic procurement decision making by customers as differentiation decreases. The pressure to globalise has been exacerbated by the maturation and saturation of domestic markets in the developed economies. The concentration of customers and customer markets resulting from mergers, acquisitions and market consolidation together with demands from customers for global support and standardised products, services and pricing (Day & Montgomery, 1999; Lindgreen, 2005; Palmatier, 2008) have also played a major role. The rapidly increasing availability of sophisticated enabling information technology is a key factor in accelerating the pace and intensity of this globalisation phenomenon (Sheth, 2017).

In response to the intensity of these global market dynamics, Western MNCs have developed and adopted relationship marketing, as a collaborative strategy that focuses on joint value creation. The aim is to move the relationship beyond transactional business exchanges to RM and thereby strengthening their competitive positioning through the creation of long-term profitable business relationships (Gronroos, 1994; Day & Montgomery, 1999; Homburg et al, 2000; Piercy & Lane, 2005; Dash et al, 2009; Thoma, 2012; Mehrmanesh & Jamali, 2015; Sheth, 2017).

While the growth in the practice of, and research into, RM since the early 1980s, has been considerable it has not been consistent. Indeed many academics argue it has become very fragmented (Haugland, 1999; Agariya & Singh, 2011; Verma et al., 2015; Hutten et al., 2017), with a number of streams of research emerging (Lindgreen, 2005). These research streams are referred to in the extant literature as relationship management '*schools of thought'*, a term justified by Gummesson et al. (1997) as a commitment to, and the consolidation of, a discipline of research, publications and practice (Pels et al., 1999).

2.3.2 Relationship marketing '*schools of thought'*

With the almost simultaneous global rise of relationship marketing, marketing academics from the Nordic countries, Australia and the UK began conducting empirical research and sharing their perspectives at the same point in time as academics from North American (Sheth, 2017). Resulting from these differing perspectives within relationship marketing theory, four distinct schools of thought have emerged (Lindgreen, 2005): The North-American School; the Anglo-Australian; Nordic School, and the Industrial Marketing & Purchasing (IMP) Group. The four-relationship marketing '*schools of thought*' are summarised in Table 2.7 below, highlighting the significant academics in each respective school; their defining epistemological stance together with specific relationship marketing concepts that define each school.

Table 2.7: The four schools of relationship marketing thought

Relationship Marketing Schools of thought			
North-American School	**Anglo-Australian School**	**Nordic School**	**Industrial Marketing & Purchasing Group**
Key authors and articles: • Berry (1983) • Levitt (1983) • Morgan & Hunt (1994) • Evans & Laskin (1994) • Sheth & Parvatiyar (1995) • Parasuraman et al. (1985, 1986, 1988, 1991)	Key author and articles: • Christopher, Payne & Ballantyne (2002). • Buttle (1996; 2004). • Payne, Ballantyne Christopher (2005)	Key authors and articles: Gronroos Gummesson Normann Helle Storbacka Kowalkowski Cornelissen	Key authors and articles: Hakansson & Wootz, 1975 Hakansson & Ostberg, 1975 Hakansson, 1982 Hallen, 1982 Jansson, 1982 Hakansson & Snehota,1995 Holmlund, 2004 Ford, 2004
Epistemological stance: Nomothetic approach to research characterised by a positivist and quantitative deductive theory testing approach to research with strong emphasis on validity, reliability, objectivity and generalisability. The outcome is an incremental advance in knowledge as a result of gap-spotting.	Epistemological stance: Phenomenological approach that tends to be both normative and descriptive in nature.	Epistemological stance: Idiographic approach to research characterised by theory building, qualitative an process-orientated Research using inductive and abductive case studies with an emphasis on practice, managerial relevance and theories-in-use. The outcome is related to assumption-challenging as a result of asking *"what-if?"*	Epistemological stance: a Phenomenological approach to business relationships as demonstrated by the interaction/network approach. The outcome is a seminal contribution to marketing theory in the network concept of markets and interactions.
Specific concepts: The dyadic relationship between customer and supplier. Customer service. SERVQUAL model	Specific concepts: Quality management Service CRM 6 Markets Model	Specific concepts: Consumer focus. Process orientation. Service Management. Relationship dynamics. Internal marketing. Cross-functional. The Part-time marketer.	Specific concepts: B2B. Interaction and network approaches to marketing. Broad perspective on relationships. Buyer and Seller relationships.
Concepts and themes common to all four Schools of thought: • **Relationship centricity** • **The '*relationship*' is the unit of measure (as opposed to the transaction).** • **Involves establishing, maintaining, and enhancing mutually successful relationships** • **Creates value for all parties**			

While each school approaches RM from a different and distinct perspective, there are some common themes, namely: A '*relationship*' centricity; the relationship is the unit of measure; a process orientation in establishing, maintaining and enhancing mutually successful relationships in creating value for all parties. An overview of each school is provided below.

North American School: The North American school has a significant focus on '*customer service'*, through the lens of a dyadic relationship. Sheth (1995) posits a definition of RM relating to the relationship between the customer and supplier only (Palmer et al., 2005). It is in this context that the North American School has made a seminal contribution to the definition and measurement of service quality using the five-dimensional SERVQUAL model (Parasuraman *et al.*, 1985). Developed from research across several service industry segments, the SERVQUAL model measures service quality as the 'gap' between customer expectations and perceptions across the five dimensions of tangibility, reliability,

responsiveness, assurance and empathy (Parasuraman et al.,1985, 1986, 1988, 1991).

Anglo-Australian School: The Anglo-Australian school builds upon conventional marketing by enhancing it with the concepts of *'quality*' and '*service*', thereby creating a comprehensive approach to marketing that delivers increased levels of value to customers (Christopher et al., 1991). Consistent with other Marketing traditions, the Anglo-Australian school's approach is regarded as providing an integrative approach by operating in a cross-functional manner, providing increasing levels of customer satisfaction and value.

'Quality' initiatives were a common feature of business in the 1980s when Japanese management methods were widely used. '*Total Quality Management*' was adopted extensively by manufacturing and operations functions (Ballantyne, 1994). As the adoption of quality techniques became universal, quality improved and costs reduced, fundamentally changing the basis of competitive advantage and differentiation (Porter, 1996). The implementation of customer *'service'* suffers from several problems, for example, marketing's functional separation from fulfilment creating interface problems (Christopher et al., 1991). Gaining the commitment of employees to provide service is another problem. This is often the result of the misunderstanding of strategic direction, poor communications, inadequately trained and poorly incentivised employees.

Nordic School: As markets become saturated and technology homogenises the ability to differentiate diminishes (Porter, 1980) leaving price and service as the only possibilities for creating competitive advantage (Grönroos, 1997). The central theme in the Nordic school approach to RM is that the cross-functional '*process*' of marketing is an enterprise-wide responsibility (Grönroos & Gummesson, 1985). The key focus is that the management of relationships is through the '*process*' of marketing (Gronroos, 1994), through three core cross-functional marketing processes: 1. *The interaction process in the management of the relationship*; *2. the process of dialogue* and *3. the process of creating value*.

Industrial Marketing and Purchasing Group (IMP): Focused on B2B markets, where customers and suppliers are small in number but larger regarding organisational size, transactional values and organisational significance and

risk. A key concept in B2B marketing is that transactions are continuous, thereby providing an on-going process of interaction between customer and supplier. Resulting from the impact and challenges of globalisation, customers and suppliers have changed the nature of B2B relationships from a tactical competitive positioning basis, to strategic co-operation as a means of reducing risk (Turnbull et al., 1996). The interaction between customer and supplier organisations constitutes the relationship, and this has become the unit of analysis as opposed to the transaction. Relationships are developed from relational activity, network ties, and actor bonds (Hakansson, 1982). These relationships are dyadic, and when multiple relationships between customer and suppliers, and other third parties develop these aggregate into networks.

The IMP Group describe four conceptual cornerstones of RM: 1. Relationships exist between customers and suppliers and are created by interaction episodes addressing technical, social, economic, social and issues (Hakansson & Snehota 2000). 2. B2B relationships interact through a wider economic organisation (the *'network form'*). 3. Relationships are a combination of individual adaptations together with scale-effective production. 4. Relationships involve interactions through which different types of resource are identified and utilised by the exchange partners (Hakansson & Snehota 2000).

Whilst a specific unifying definition of relationship marketing remains elusive (Finch et al., 2015) the core themes around which all four schools of thought concur is that relationship marketing: is relationship-centric and where the unit of measure is the relationship; involves establishing, maintaining, and enhancing mutually successful relationships; which are value generative for all parties; (Bressan & Signori, 2014).

In the next section, the definition of RM is explored.

2.3.3 Definition of relationship marketing

The term '*relationship marketing'* is credited to Berry (1983), for his seminal work in arguing that the conventional microeconomic perspective was no longer adequate (Berry, 1983). By the early 1980s the patterns of demand were changing, especially in the affluent markets of the West (Berry, 1983); together with the growth in the '*Service*' industries and '*Service*' becoming an important integral component of product based offerings (Christopher, 1996; Gummesson,

1987 & 1996; Sheth & Parvatiyar, 2000). Berry (1983) argued that a greater focus was needed in retaining existing customers (Berry, 1983), as opposed to a sole focus on creating new customers. In this context, Berry (1983, p.25) defined relationship marketing as: *"attracting, maintaining, and enhancing customer relationships".* Implicit in this definition is that servicing and selling to existing customers is just as important to the long-term success of a marketing strategy as the acquisition of new customers (Lindgreen, 2001). It also emphasises a move away from 'economics' as a theoretical underpinning of marketing to the sociological and psychological concepts used in SET.

Since the early 1980s, there has been a significant expansion of interest in relationship marketing from both a practice and academic perspective (Nevin, 1995; Parvatiyar & Sheth, 2000). A corresponding increase in the numbers of definitions of relationship marketing (Mahisha et al., 2017), reflecting a wide range of different themes and perspectives (Palmatier, 2008), has also materialised. In addition to Berry's definition, the seminal definitions provided in Table 2.8 below are also observed in the extant literature:

Table 2.8: Seminal definitions of relationship marketing

"traces to previous agreements and is longer in duration, reflecting an ongoing process." (Dwyer et al., 1987, p.13).
"Relationship marketing refers to all marketing activities directed toward establishing, developing and maintaining successful relational exchanges." (Morgan & Hunt, 1994, p. 22).
"The understanding, explanation and management of the on-going collaborative business relationship between suppliers and customers." (Sheth, 1994, p. 17).
"Process of identifying and establishing, maintaining, enhancing, and when necessary, terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfilment of promises." (Gronroos, 1997, p. 407).
"An organisation engaged in proactively creating, developing and maintaining committed, interactive and profitable exchanges with selected customers over time (Harker, 1999, p.22). Harker's definition is based on a meta-analysis of 26 definitions of relationship marketing from the extant literature (Harker, 1999).
"Relationship marketing is the ongoing process of engaging in cooperative and collaborative activities and programs with the immediate end-user customers to create or enhance mutual economic value at reduced costs." (Sheth & Parvatiyar, 2000, p. 9).
"Relationship marketing is the process of identifying, developing, maintaining, and terminating relational exchanges with the purpose of enhancing performance." (Palmatier, 2008, p. 4). Palmatier's definition is based on a meta-analysis of definitions of relationship marketing from the extant literature (Palmatier, 2008).
"The aim of relationship marketing is to have long-term positive effects on the business with optimum resources utilisation through constant interaction, extensive networking and cooperation amongst all members with proper commitment to creating superior value for all stakeholders in a trustworthy environment." (Shirshendu, 2009, p6).

While the extant literature provides a plethora of relationship marketing definitions, some common themes emerge from analysis of the definitions as summarised in Table 2.9 below.

Table 2.9: Summary of relationship marketing definitions (adapted from Palmatier, 2008)

Definition	Relationship Stage				Scope		Benefits		Process	Dynamic	Long-term
	Identifying	Developing	Maintaining	Terminating	Customer Only	All Stakeholders	Bilateral	Supplier Only			
Berry (1983, p.25)		x	x		x						
Dwyer et al. (1987, p.13)									x	x	x
Morgan & Hunt (1994, p. 22)	x	x	x			x	x				
Sheth (1994, p. 17)		x	x		x					x	x
Gronroos (1997, p. 407)	x	x	x	x		x		x	x		
Harker (1999, p.22)	x	x	x		x			x		x	x
Sheth & Parvatiyar (2000, p. 9)	x	x			x		x		x	x	
Palmatier (2008, p. 4)	x	x	x	x		x		x	x		
Shirshendu (2009, p6)						x	x			x	x

As illustrated in Table 2.9 above, several of the definitions explicitly refer to sequential stages of the relationship development process including *identifying, developing, maintaining and terminating* relationships. The scope of the relationships being considered is also referred to in most of the definitions as being either solely related to the relationship with the customer or a wider group of stakeholders. The anticipated benefits are also referred to by approximately half of the definitions, as being either bilateral, with the customer and supplier benefitting, or focused on the benefits to the supplier only. In addition to the implied sequential stages of the relationship development process existing in most of the definitions, the word '*process'* is also explicitly referred to in four of the definitions. This provides a strong sense of a process orientation to relationship marketing. Several the definitions also give a sense of dynamism in the relationship in using words such as *interactivity*, *proactivity*, *collaboration*, *cooperation* and *networking*. These are not static, unidirectional discrete transactional relationships. Several of the definitions also give a sense of a long-term perspective applying to relationships in a relationship marketing context.

In summary, therefore, it can be said relationship marketing involves: establishing close relationships through a process of clearly defined stages; involving a dynamic long-term orientation; with benefits accruing in a win-win

situation for all stakeholders involved in the relationship (Hutten et al., 2017). A meta-analysis of seventy-two definitions of RM performed by Agariya & Singh (2011) concluded that a *'process orientation'* is core to the definitions most frequently cited in the extant literature (Agariya & Singh, 2011). Gronroos (1994) concurs in arguing that no definition of RM is complete without a significant dynamic process component (Gronroos, 1994). Sheth (1996, 2017) also argues for greater specificity in the definition of relationship marketing in limiting the definition to only those collaborative and cooperative aspects that are focused on serving the needs of customers, as opposed to a wider stakeholder group (Sheth, 1996, 2017). Shirshendu (2009) posits that relationship marketing should also take place with a full commitment to creating superior value in a trustworthy environment (Shirshendu, 2009).

The process-centric operationalisation of relationship management is discussed in the next Section.

2.3.4 Relationship marketing as a process

The extant literature describes the development of customer and supplier relationships as a process with a number of stages, occurring at the inter-organisational level (Gronroos, 1994; Mandjak et al., 2015). A number of empirical studies, (Jap & Ganesan, 2000; Claycomb & Frankwick; 2010; Dowell et al., 2015) have provided empirical research findings in support of using the five-stage relationship development lifecycle, as summarised in Figure 2.11 below. These academics support the lifecycle concept in explaining relationship develop, a concept core to RM theory (Gronroos, 1994). The ability to assess and evaluate relationships at different points of the development cycle is regarded as crucial (Eggert et al., 2006). It enables marketing academics and practitioners to understand how relationship marketing constructs change, which has potentially significant implications for management and practice (Eggert et al., 2006).

The concept, however, of a deterministic five stage relational exchange lifecycle is not without criticism within the extant literature (Dowell et al., 2015). Some academics argue that exchange relationships do not consistently develop in a pre-determined five-stage process (Hansen et al., 2013). The actual relationship development stages may not be sequential, and they may involve iteration and

the re-cycling to previous stages, as mistakes are made, and relationship resets are required (Hansen et al., 2013).

Existing Research	Stages of relationship development					Focus
	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	
Huston & Levinger (1978)	Awareness of others	Surface contact	Mutual relationship			Interpersonal relationships
Levinger (1980)	Attraction	Building a relationship	Continuance: A middle phase	Deterioration	Ending	Interpersonal relationships
Ford (1980)	The pre-relationship stage	The early stage	The development stage	The long-term stage	The final stage	Inter-organisational relationships
Dwyer et al. (1987)	Awareness	Exploration	Expansion	Commitment	Dissolution	Inter-organisational relationships
Larson (1992)	Preconditions for exchange	Conditions for building	Integration and control			Inter-organisational relationships
Wilson (1995)	Partner selection	Defining purpose	Setting relationship boundaries	Creating relationship value	Relationship maintenance	Inter-organisational relationships
Jap & Ganesan (2000)	Awareness	Exploration	Build-up	Maturity	Decline/ Deterioration	Inter-organisational relationships

Figure 2.11: Comparison of relationship stage models (adapted from Mandjak et al., 2015).

Huston and Levinger (1978), and Levinger (1980) conducted a longitudinal study of business relationships. Based on family sociology, Levinger (1980) provides a five-stage process which covers the initial attraction stage through to building, continuation, deterioration and ending the relationship, together with the transitional stages between adjacent phases (Levinger, 1980).

Ford (1980) describes five stages, which are non-sequential. In the first stage, the potential partners have not made contact as they are evaluating a potential new partner. The second early stage involves negotiating a trial delivery. The third development stage involves a formal contract or an increase in deliveries. The fourth long-term stage is arrived at following numerous significant purchases or major deliveries. Stage five occurs after long-established stable trading between the partners (Ford, 1980).

Dwyer et al., (1987) also use a five-stage process comprising: Awareness; exploration; expansion; commitment and dissolution. Awareness involves "*unilateral considerations of potential partners*" (Dwyer et al., 1987, p. 21). Dyadic engagement takes place during the second exploration stage. Expansion is characterised by the mutual satisfaction of the partners, while the commitment stage "*shared values and governance structures support joint investment in relation"* (Dwyer et al., 1987, p.21). The dissolution phase brings the relationship to an end.

Larson's (1992) uses three stages. The first stage describes the preconditions for exchange to occur. The second stage specifies the conditions for creating the relationship, and the third stage is concerned with integration and control (Larson, 1992). Larson (1992) argues that personal and company reputation together pre-existing relationships represent necessary antecedents for the development of new B2B relationships.

Wilson (1995), describes relationship development using a five-stage process including partner selection; defining purpose; setting boundaries; creating value and maintaining the relationship. Wilson (1995) incorporates thirteen relationship constructs into his five-stage model, explaining their influence during the different stages in the context of whether they are more active or passive.

Jap & Ganesan (2000), building on Dwyer et al. (1987), adopt a five-stage relationship development process involving: awareness; exploration; build-up; maturity and, decline/deterioration phase.

This DBA research uses the stages of the relationship development process described above, conceptualised into five macro-thematic stages illustrated in Figure 2.12 below.

	Stages of relationship development					**Focus**
	Stage 1	**Stage 2**	**Stage 3**	**Stage 4**	**Stage 5**	
Macro relationship stages	*Awareness*	*Exploration*	*Build-up*	*Maturity*	*Decline/ Deteriorati on*	**B2B Inter-organisational relationships**

Figure 2.12: The stages of relationship development

The five macro-stages of relationship development are described below.

Awareness – Stage 1

The first stage assumes no pre-existing engagement between the potential partners. In this stage, partners begin to recognise the existence of another party, but their actions remain mostly unilateral, with one of the party's instigating the initial contact (Dwyer et al., 1987). They evaluate the attractiveness of the prospective exchange partner (Ford, 1980), while *"positioning*" and "*posturing*" to increase their attractiveness (Dwyer et al., 1987).

At an inter-organisational level attraction concerns consideration of the practical feasibility of a relationship (Levinger, 1980; Dwyer et al., 1987), with considerations including physical and situational distance and proximity (Ford, 1980; Dwyer et al., 1987). In this stage, interpersonal attraction may involve determinates such as alignment of values, opinions, attitudes and behaviour together with liking between individuals (Huston & Levinger, 1978). Reputation is also an important factor and includes performance reputation (Wilson, 1995) and company reputation (Larson, 1992) at an inter-organisational level together with the major role played by personal reputation (Larson, 1992).

Wilson (1995) describes social bonding as the degree of liking and personal friendship between the customer and supplier. Wilson (1995) considers social bonding to be important in this early stage of the search and selection process for a prospective partner. Larson (1992) argues any historical context within which the social bonding and embeddedness occurs is also important.

The theoretical foundations of SET, as discussed in Section 2.1, are evident in the extant literature in describing the dynamics of this early pre-relationship stage, with the potential partners engaging in evaluative assessments of the value that a relationship may confer. Components of Hofstede's individualism dimension are also observed with references to situational proximity (Dwyer et al., 1987), reputational performance (Wilson, 1995) and are also characteristic of cognitive and calculative processes used in individualistic societies at this early stage of the relationship development process.

However, Wilson's (1995) reference to social bonding, *prima facie,* does not seem consistent with the structural orientation referred to in Hofstede's individualism dimension (Williams et al., 1998).

Exploration – Stage 2

In this second stage of the relationship building, process partners regard each other to be feasible exchange partners (Dwyer et al., 1987). The role of attraction is emphasised Levinger (1980) in this stage, while the instigation of information search process signals a formal beginning of the relationship formation process (Gulati &Gargiulo, 1999). Information about a potential partner's capabilities is searched for, including organisational reputation with

third party references making a significant contribution (Gulati & Gargiulo, 1999).

Dwyer et al. (1987) argue that relationship initiation is a unilateral action which occurs notwithstanding the uncertainty regarding the reaction from the potential partner in response to this unilateral action. In an inter-organisational context, this conundrum is averted as *"organisations tend to select partners with whom they are familiar and about whom they are likely to have rich information"* (Kenis & Oerlemans, 2008, p.294).

Build-Up – Stage 3

Hakansson (1982) states that the relationship commencement process: *"considers that either buyer or seller may take the initiative in seeking a partner"* (Ford, 1980, p.340). This stage of the process commences with the exchange of information by social exchange interactions (Hakansson, 1982). Formal communication methods are used in providing basic information including commercial and/or information. Social exchange interactions describe the various types of engagement between the individuals commencing the relationship and which play a key role in reducing ambiguity (Hakansson, 1982) while facilitating the creation of interdependence. Social exchange interactions require the investment of human resources (social exchange), information (exchange) and time (Ford, 1980).

The lack of clarity at this stage of the relationship is related to the potential costs, benefits and value associated with the engagement of a new partner together with the predictability of the new partner's behaviour (Ford, 1980). Interdependence is a core concept from the IMP Group's definition of relationship marketing (Hakansson, 2006) which they define as: "*the combined effect of the activity links, actor bonds resource ties and between the two organisations*" (Hakansson & Snehota, 1995). However, a broader definition is required, defining interdependence as Rousseau et al. (1998) states: *"the interests of one party cannot be achieved without reliance upon another"* (Rousseau et al. 1998. p.395). In summary, this stage of the process involves uncertainty, ambiguity, risk and the need for interdependence (Hakansson et al., 2009).

Maturity – Stage 4

The anticipated benefits and value should accrue to the exchange partners (Wilson, 1995), in this stage if the relationship is functioning as expected (Dwyer et al.,1987), a key consideration of which is whether trust has developed and is present within the relationship together with commitment (Marin et al., 2008).

Within the extant literature, trust is described as the most important relationship construct (Castaldo et al., 2007). It has many definitions, none of which are unanimously accepted and is also portrayed as a complex phenomenon (Castaldo et al.,2007). The definition provided by Rousseau et al. (1998) states: *"Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another"* (Rousseau et al., 1998, p.395). The presence of trust has a moderating effect which influences the process and the relationship between partners. The development of trust relates to the extent a partner can predict, in advance, the behaviour of another party. Key to the process is the sharing of information and the existence of prior information about a partner (Rousseau et al., 1998).

Doney et al. (2007) concluded that both open communication and social interaction are important in allowing trust to develop. Morgan and Hunt (1994), describe five antecedents of commitment and trust: shared values; communication; relationship benefits; relationship termination costs and opportunistic behaviour. Trust was also found to have a direct effect on relationship commitment, whereas relationship termination costs and relationship benefits were found to negatively influence commitment and trust, in creating a lock-in effect (Morgan & Hunt, 1994).

Communication and trust are considered in empirical studies by Dwyer et al. (1987), Bialaszewski and Giallourakis (1985) and Anderson et al. (1994). This significant body of empirical research has created ambiguity in the direction of the relationship between the two constructs of trust and communication. Anderson et al. (1994) concluded good communication increases to trust, whereas Dwyer et al. (1987) arrived at the opposite conclusion arguing good communications are the result of an increase in trust. Whereas Anderson and Narus (1990) describe as *'iterative'*, the relationship between trust and communications, in creating a positive spiral where communication is a

prerequisite for trust, while improved trust will also lead to improved communications.

Smirnova et al. (2012) posit that mutual expectations, norms and shared values are crucial preconditions for the development of trust and argue: *"there is a certain initial component of trust-based expectations, moderated by specific relational norms, internalised by partners and their relative importance … They would have a direct impact on the formation of trust"* (Smirnova et al., 2012, p.5). Created from the extant literature Blomqvist and Stahle (2000) build a model of how organisational trust is built and identified the organisational and individual bases for trust. Blomqvist and Stahle (2000), defined trust as an "*actor's expectation of the other party's competence, goodwill and behaviour*" (Blomqvist & Stahle, 2000, p.9).

Doney and Cannon (1997), argue that trust is how partners assess their respective benevolence (motivation) and credibility (ability), giving rise to two dimensions of trust. According to Andaleeb (1992), bonding trust describes these dimensions as being positive and high and operating at both the interpersonal and inter-organisational level. Bonding trust is the result of interaction between individuals involved in the relationship and between the two firms (Ford, 1980). The interaction usually starts with communication followed by meetings between relevant people. Bonding trust includes both objects of trust (the person and the firm) simultaneously, as the person is typically a representative of a firm (Castaldo et al., 2007).

Decline and Deterioration – Stage 5

All relationships end (Wilson, 1995). The nature, context and reasons for relationships ending vary considerably (Terawatanavong et al., 2007). They can end naturally, with goodwill intact, as the objective of the relationship has been achieved and the benefits delivered as expected, and thereby creating a trusted platform for future business opportunities (Jan & Ganesan, 2000). Business relationships can end in acrimony, and often involving legal proceedings. This typically arises because of a breakdown of personal relationships resulting from a loss of trust (Terawatanavong et al., 2007). Relationships also gradually wither and decline without major drama or controversy (Jan & Ganesan, 2000).

2.3.5 Relationship constructs over the relationship lifecycle

As described in Section 2.1 above, it is argued that relationship constructs describe the empirical operationalisation of the foundational tenets of SET (Lambe et al., 2001). Similarly, in the extant relationship marketing literature, relationship constructs have been studied in numerous empirical studies. In a meta-analysis of the extant relationship marketing literature, Agariya & Singh (2011) identified a total of 50 relationship development constructs. The top ten of which were, in order of most cited in the extant general relationship marketing literature, are shown in Table 2.9 below.

Table 2.10 below compares the constructs derived from the SET literature in Section 2.1, with those from Agariya & Singh, (2011), demonstrating congruence in the significance of constructs such as *Trust, Commitment, Satisfaction, Cooperation/Reciprocity* and *Dependence*.

Table 2.10: Comparison of Constructs derived from SET and Relationship marketing literature

Constructs from SET (Section 2.1)	Constructs from general Relationship Marketing Literature (Agariya & Singh, 2011)
Trust	Trust
Dependence	Satisfaction/experience
Norms	Loyalty
Commitment	Commitment
Cooperation	Service quality
Satisfaction	Communication;
	Empathy/customer orientation
	Relationship quality/value/duration/performance
	Reciprocity
	Culture

Whilst different labels are used for each stage of the relationship development process, there is broad agreement within the extant literature that there is variation in the relevance level of each of the relational exchange constructs, such commitment, or trust, form one stage to another (Ford, 1980; Dwyer et al., 1987; Wilson, 1995; Das & Teng, 1998; Jap, 2001; Terawatanavong et al, 2007; Wong et al, 2010; Dowell et al, 2015). This variation in the relational exchange constructs, between stages of the relationship development process, is influenced, in part, by the exchange partner's historical perspective of the exchange relationship as it has developed through the previous stages (Lambe et al., 2000). In other words, the change in the importance of the relational constructs, from one phase to another, is influenced by the cumulative evaluation by each exchange partner of what has happened during the previous

stages (Terawatanavong et al., 2007). The retrospective nature of this process arises because the relational constructs take time to develop and some take longer than others. Therefore, different relational constructs become influential, or dominant, in relevant stages of the process of relationship development (Dwyer et al., 1987).

The extant literature makes clear, however, that researching to measure changes in exchange relationships over a long period is difficult (Anderson, 1995; Dowell et al., 2015). It will often involve longitudinal research using the five-stage relationship lifecycle in identifying the evolution of the exchange relationship over time, the type of which is largely absent from the extant literature (Claycomb & Frankwick, 2010). Terawatanavong et al. (2007) argue, however, that that little is known about how this evolution overtime occurs (Terawatanavong et al., 2007).

Wilson (1995, p. 339) argues that relational exchange constructs: *"have both an active phase where they are the centre of the relationship development process and a latent phase where they are still important but not under active consideration in relationship interaction."* Wilson's (1995) conceptual model is provided in Figure 2.2 in Section 2.1, illustrating this dynamism across Wilson's five-stage relationship development process (Wilson, 1995). In a Western business context, as discussed in Section 2.2.7, reputational performance together with a structural, instrumental, calculative and cognitive orientation are important constructs during the early stages of the relationship development process. It is only later in the relationship development process, once credibility has been established that relational and affective constructs may play a small role (Wilson, 1995). The concepts of attraction and liking are also linked to the cognitive aspects of reputational performance during the early stages of relationship development in a Western context (Abosag et al., 2006).

2.3.6 Relationship marketing in a cross-cultural context

Both marketing practitioners and academics alike argue that relationship marketing enhances business performance (Samaha et al., 2014). A thesis that is substantiated by a significant body of empirical research (Swaminathan & Moorman, 2009) and evident in practitioner's beliefs that relationships are decisive for achieving business success (Wurth Group, 2010).

Globally, relationships also are increasingly critical given the growth of business conducted internationally, accounting for 20% of global gross domestic product (Central Intelligence Agency 2010; World Trade Organisation, 2011). Notwithstanding the growth in international business, the guidance available to marketing practitioners and academics is scarce regarding which relationship marketing strategies should be adapted in different countries, beyond generic guidance that a *"cross-national generalisation should not be assumed*" (Steenkamp 2005, p. 6; Ghemawat, 2011).

As discussed in Section 2.1, RM has its roots firmly embedded in social exchange theory, and therefore national cultural influences the values, norms, roles, and expectations of these relationships in a business context (Kitayama et al. 2006). SET is therefore critical for understanding international relationship marketing (Samaha et al., 2014).

As discussed in Section 2.2, national culture is a key environmental factor that shapes values, behaviours, perceptions, dispositions, and assumptions of the people from that society (Triandis 1989). Culture is *"the training or refining of one's mind from social environments in which one grew up*" (Hofstede 1991, p. 4). The way social information is understood and utilised also differs across countries, due to differences in these value systems (Samaha et al., 2014).

Existing relationship marketing practice reflects a Western-centric approach on to different non-Western countries, with scant consideration given to the effect of local, national culture and its impact on the efficaciousness of relationship marketing practice (Palmatier et al., 2006). Some limitations emerge from a review of the extant relationship marketing literature that hinders marketing practitioners and academics from developing a comprehensive understanding of international relationship marketing in a multi-cultural context (Samaha et al., 2014). First, most relationship marketing studies focus on one or, at most, a small number of countries, which limits multi-country generalisations (Kumar et al., 1995; De Wulf et al., 2001). Second, the countries of focus, together with the studies themselves tend to be Western, and often predominately USA focused (Baddar & Brennan, 2009). Third, extant relationship marketing research typically investigates the impact of only a single cultural dimension (Ozdemir & Hewett, 2010; Robinson et al., 2012; Samaha et al., 2014), with the individualistic versus collectivist dimension regarding by many academics as the

most important (Berry & Triandis, 2006). This approach, however, ignores the individual and collective impact of the other dimensions of national culture, on relationship marketing, thereby undermining the ability of marketing practitioners and academics to understand the net effect of the impact of national culture (Hofstede et al., 2010). Fourth, little theoretical or empirical research has addressed how culture influences specific aspects in the practice of relationship marketing, which hinders the development of any detailed guidance about the efficacy of specific strategies across different cultures (Samiee & Walters, 2003). Fifth, while understanding how national cultural dimensions combine to influence relationship marketing is an important theoretical consideration, it has limited utility and applicability from a practitioner's perspective (McDonald & Rogers, 2017). MNCs will tend to adopt a strategy of implementing relationship marketing by rolling out a standard global process country-by-country (McDonald & Rogers, 2017). The effects of national culture on relationship marketing are multi-dimensional such that some cultural dimensions will off-set the effects of others that make understanding the net effects in any individual country unclear (McDonald & Rogers, 2017). Sixth, existing relationship marketing practice is reflective of the presence of relationship constructs throughout the lifecycle that accords with Western individualistic culture (Samiee & Walters, 2003).

In this regard, Samaha et al., 2014 use Hofstede's original four dimensions of national culture in conducting across 170 extant empirical studies (Samaha et al., 2014). They concluded that while relationship marketing is an effective strategy in developing countries; its effectiveness varies dramatically across them. Managers launching relationship marketing initiatives in developing countries can expect differential returns on investment, relative to comparable Western and specifically U.S. programmes (Samaha et al., 2014).

In the next section, the operationalisation of relationship marketing is explored using KAM.

2.3.7 Operationalising relationship marketing using KAM

This Section provides an analysis of the theory and practice of KAM in the context of relationship marketing. Initially, the emergence of KAM is described followed by an attempt to defined KAM, after which an explanation of the theoretical and practice related perspectives used to guide the analysis of KAM and its dimensions, is provided.

The emergence of KAM

KAM is a well-proven relationship marketing approach with its origins in the USA, emerging the 1980s (Wengler et al., 2006). KAM is described as a reaction to demands from B2B customers (Gosselin & Bauwen, 2006), who are referred to variously as strategic or key accounts (Sharma, 1997; Ivens & Pardo, 2007; Davis & Ryals, 2009;). Economic growth enabled companies to expand geographically and use procurement strategies to insist that suppliers build dedicated bespoke sales channels (Kawsar & Azila, 2012). The establishment of these new dedicated sales channels led to the creation of *'account 'management* as a new concept in industrial sales management (Millman & Wilson, 1995). The establishment of account management reflected a more fundamental change to a relational approach to marketing, moving away from transactional marketing. Suppliers began to recognise that improved relationships could result in increased customer retention and loyalty, and thereby an increase in competitive strength (Donaldson & O'Toole, 2002).

The adoption of KAM becomes, therefore, the key strategy in developing and retaining stronger relationships with customers who are regarded as the most important (Davies & Ryals; 2009; Natti & Talebo, 2011). This gives rise to a key observation in that KAM is very dependent for its success on the strength of the personal relationships created between selling and buying organisations (Narayandas & Rangan, 2004). In this context, the boundary spanning role of the Account Manager is of paramount important (Holt, 2003). McDonald et al. (1997), in their seminal research on KAM state: *"Key account management is a natural development of customer focus and relationship marketing in business-to-business markets"* (McDonald et al., 1997, p737). The need for highly skilled Account Managers to manage the interpersonal relationships with strategic customers is also highlighted (McDonald et al., 1997).

Definition of KAM

The definition of KAM in the extant literature is inconsistent, with little congruence between marketing academics (Workman et al., 2003). KAM definitions focusing on narrow and specific dimensions are provided by Homburg et al. (2002), whereas Pardo (2001), posits that definitions of KAM are based on research findings predominantly from the USA. Other definitions emphasise an account's potential strategic importance (Millman & Wilson, 1995) thereby addressing the potential conflict of account status with that of sales volume or geographical coverage. This gives rise to an important insight in that an account while being small regarding volume, may have the potential to become strategic for the supplier (Blythe, 2002). However, the majority of KAM definitions do require that the most important customers be identified and require that processes and personnel are allocated to them as a matter of priority (Workman et al., 2003). In this context, practitioners operationalise RM by implementing KAM (Guenzi et al., 2007). Ivens & Pardo (2007, p. 471) state KAM is a: "*concept through which companies introduce the principles of relationship marketing into their customer policy and become closer to the customer"*.

Notwithstanding the plethora of differing definitions, what emerges from the extant literature are two main perspectives in defining KAM. The first address the strategic facets of KAM as shown in Table 2.11 below.

Table 2.11: Summary of KAM definitions (Strategic)

Author Name & Year	KAM Definition (Strategic focus)
Millman & Wilson (1995, p.9)	*"A seller initiated type of strategic alliance".*
Pardo (2001, p.1)	*"A strategic choice for the supplier".*
Abratt & Kelly (2002, p.476)	*"A special strategy used by a selling organisation to serve high-potential, multi-location accounts with complex needs requiring individual attention through a carefully-established relationship".*
Ryals & Humphries (2007, p.313)	*"KAM is the study of long-term collaborative relationships between suppliers and buyers rather than transactional sales-based approaches to customer management".*
Davies & Ryals (2009, p.1028)	*"KAM is a systematic process for managing business-to-business relationships that are of strategic importance to the supplier".*
Ming-Huie & Wen-Chuing (2011, p.84)	*"The additional activities performed and/or the resources allocated for the development of strategic or profitable relationships and with an organisation's most important customers".*

The second approach focuses on the operational aspects of KAM. These definitions are provided below in Table 2.12 below.

Table 2.12: Summary of KAM definitions (Operational focus)

Author Name & Year	KAM Definition (Operational focus)
Yip & Madsen (1996, p.24)	*"Include having one executive or team take overall responsibility for all aspects of a customer's business".*
McDonald et al. (1997, p.737)	*"An approach adopted by the selling companies aimed at building a portfolio of loyal key accounts by offering them, on a continuing basis, a product/service package tailored to their individual needs".*
Kempenaars & Hart (1999, p.311	*"The process of building and maintaining relationships over an extended period, which cuts across multiple levels, functions, and operating units in both the selling organisation and in carefully selected customers (accounts) that contribute to the company's objectives now or in the future".*
Ojasalo (2001, p.201)	*"The selling company's activities including identifying and analysing their key accounts, and selecting suitable strategies and developing operational level capabilities to build, grow and maintain profitable and long-lasting relationships with them".*
Workman et al. (2003, p.7)	*'The performance of additional activities and/or designation of special personnel directed at an organisation's most important customers".*
Zupancic (2008, p.323)	*'Systematic selection, analysis and management of the most important current and potential customers of a company. Also, it also includes the systematic setup and maintenance of necessary infrastructure'.*
Brehmer & Rehme (2009, p.962)	*'The organisation that caters to the management and development of the relationship, in a more or less formal structure'.*

This study considers that the second approach to defining KAM is considered of greater relevance in addressing the research aims as it refers to "*those activities, mechanisms and procedures which facilitate the effective management of key accounts"* (Millman & Wilson, 1999, p. 329).

KAM relationship development model

The extant literature confirms that KAM should not be regarded as a sales technique but rather a substantial programme of business change (Davies & Ryals, 2009). Key accounts should be treated individually in accordance with its status in the KAM programme, with dedicated processes, resources, service offers and products (Sengupta et al., 1997; Napolitano, 1997; Kempeners & Hart, 1999; Wrengler et al., 2006; Zupancic, 2008). As discussed in Section 2.3 above relationship building occurs over time and goes through different stages. In a practitioner setting, this process will also necessitate the acquisition of different behaviours, skills and resources to deliver on the needs and objectives for each stage. This, therefore, suggests that key account customers should be treated differently, during the different stages of the relationship development process (Wilson, 1995).

With its roots firmly established in SET (see Section 2.1) and relationship marketing theory (see Section 2.3) Millman & Wilson (1996), propose a '*Relational Development model'* of KAM containing six stages as a means of operationalising the RM process and providing practitioners with a usable framework. The Millman and Wilson (1996) model exhibits three keys features: KAM is a process; it emphasises a change from transactional to relational

exchange, together with the building of trust and commitment (McDonald et al., 1997). Blythe (2002, p.628) proposes selling strategies aligned to the corresponding stage of the Millman and Wilson (1996) model. The six-stage model and corresponding strategies are described in Table 2.13 below:

Table 2.13: KAM stages, objectives and selling strategies (Adapted from Blythe, 2002)

Stage of KAM (Millman & Wilson, 1996)	**KAM Objectives by stage** (Millman & Wilson, 1996; Blythe, 2002)	**Selling Strategies** (Blythe, 2002)
Pre-KAM	Define and identify key account potential. Secure initial contact.	Selling strategy concerned with identifying key contacts and decision-making units, establishing need and requirements, showing a willingness to address other areas of the problem, and suggest key account status.
Early KAM	Explore opportunities for key account engagement. Increase volume of business. Achieve preferred supplier status.	Selling strategies involve building social networks, identifying process-related problems, suggest working together to provide cost-effective services and solutions. Create ***trust*** through performance and strong communications.
Mid-KAM	Build partnership and especially ***trust***. Consolidate preferred supplier status. Establish key account status internally. Obtain executive sponsorship.	Selling strategies focus on problems and issues, managing the implementation of process related services or solutions, building inter-organisational teams, establishing joint systems and beginning to perform noncore management tasks.
Partnership KAM	Develop a spirit of partnership. Build a common culture. Lock in the customer by being external resource base.	Selling strategies are concerned with joining-up processes and expanding joint problem solving, focusing on joint value creation together cost reduction and addressing the customer's key strategic issues.
Synergistic KAM	Continuous improvement. Shared rewards. Quasi-integration.	The strategy associated with synergistic KAM is to focus on value creation, create semi-autonomous projects teams and the development of strategic congruence.
Uncoupling KAM	Disengagement.	Withdraw.

The relational model in Table 2.13 describes the KAM stages, objectives together with the tactics and resources that need to be deployed to create trust and commitment in developing long-term relationships with key account customers. Tzempelikos & Gounaris (2011) argue that marketing academics need to consider both the organisational, operational and the relationship aspects of KAM. The relationship aspects are crucial in managing long-term relationships as KAM represents an operationalisation of RM (Guenzi et al.,2007). In the sections below, the organisational and operational components of KAM are considered.

The organisational and operational components of KAM: Explained in the section below under the headings of *Activities*; *Resources*; and *Actors*.

Activities: '*Activities*' are performed by suppliers solely for their key account customers. These activities include preferential pricing; adaptation and customisation of products and services; creating bespoke integrated systems for fulfilment and service management; collaborative working arrangements;

bilateral information sharing, and the outsourcing of non-core customer activities (Homburg et al., 2002). The four key activities are defined by Ojasalo (2004): *identifying key accounts*; *analysing key accounts*; *developing operational capabilities, and selecting strategies for key accounts,* are discussed below.

Key Account identification and selection: The extant literature describes various criteria for the selection of key accounts including (Wengler et al, 2006; MacDonald & Rogers, 2017): historic and potential business volumes; historic and potential profitability; competitors' actions; procurement process and propensity to buy; geographic scope and footprint; customer's potential future growth; governance decision making maturity, and company reputation. Despite this, the extant literature makes clear that most the companies use historical sales volumes as the key criteria in selecting key accounts (Ivens & Pardo, 2007). Sales volumes as a sole criterion are arguably too narrow compared to holistic nature of a KAM programme (Ivens & Pardo, 2007; Monterastelli, 2009; Woodburn & McDonald, 2011; MacDonald & Rogers, 2017). The management of key accounts relies on the allocation of resources, which if based on historical data could lead to the under-resourcing of key account customers creating a loss of business and damaging the relationship (Ivens & Pardo, 2007; Ryals & McDonald, 2008).

Analysing key accounts: Woodburn and McDonald (2011), describe this activity as including undertaking a holistic analysis of the characteristics of a key account. This involves the business, economic, market and performance of a key accounts' external and internal business landscape (MacDonald & Rogers, 2017).

Maintain profitable, and long-lasting relationships requires customising operational capabilities: Ojasalo (2001) argues that customising capabilities associated with services and products; organisational models; information sharing and key personnel is required in maintaining profitable and long-lasting relationships. Improving service and/or product quality and its customisation serve to strengthen the customer relationship by adding more value to it. Organisational capabilities are developed through an improved exchange of information, and by selecting KA managers and team members, enhancing their

skills by clarifying information requirements throughout the relationship lifecycle (Ryals & Humphries, 2007).

Key account selection strategies: The extant research suggests the relative power positions of suppliers and Key Accounts determines the most appropriate strategy for a Key Account (Ryals & McDonald, 2008). Ryals & McDonald (2008) identify seven strategies which have been adapted from the extant marketing literature: Pricing Strategies; Product Strategies; Promotion Strategies; Place Strategies; People Strategies; Process Strategies, and the Perception of Customer Service.

Resources: The relationship strategy development begins with the interdependence of companies and where the degree of interdependence is determined by resources owned by each of the companies (Turnbull et al., 1996). These resources comprise of three categories: *skills and competencies*; *financial*, and *network positions* (Turnbull et al., (1996).

'*Skills and competencies*' may involve service and product design, technology design, manufacture and implementation together with the ability to market technology (Jones et al., 2005). *Financial resources* influence the ability to acquire resources or purchase the resources of other firms. The '*network position'* describes relationships, access to important markets together with brand recognition and reputation.

Actors: Actors are resources who engage in KAM activities (Homburg et al., 2002). The role of '*actors*' involves the engagement of managers who work part-time on key accounts through to the full-time account teams comprising of KA managers and their account teams.

The Key Account Manager

Key accounts will usually have a dedicated KA manager. According to Richards & Jones (2009, p.306), a KA manager is "*...the individual designated by the selling firm to serve as an internal advocate for his or her key account"* (Jones, 2009, p.306). The KA manager is considered as the critical resource in KAM. The prime objective of the KA manager is the development of a long-term relationship with KA customer (Guenzi et al., 2007). The KA manager's core role consists of the orchestration, in parallel, of both the external Key Account by establishing a strong working relationship, while at the same time working

with internally with colleagues in building strong relationships with internal stakeholders (Fleisher, 2010).

Napolitano (1997) argues KA managers aim to achieve genuine "*win-win*" situations with customers, in which the KA manager focuses on the developing the key account with mutually beneficial growth opportunities for the customer. The KA manager acts as a "*boundary spanner*" with one foot in both the supplier and customer organisations, representing both organisations to each other, thereby constituting the inter-organisational linkage (Holt & McDonald, 2000) making the KA manager strategically important in the concept of KAM (Guenzi et al., 2007).

Pardo (2001) argues that *"key account management only really exists with the presence of a key account manager"* (Pardo, 2001, p. 8). It is the competencies, skills, qualities, attributes and abilities that are central to managing key accounts effectively (Guenzi et al., 2007). This also explains why the process of filling KAM job positions is significantly challenging (Wotruba & Castleberry, 1993).

The extant literature provides several studies that consider the skills and capabilities required by KA managers (Woturba & Castleberry, 1993; Sengupta et al., 2000; Cheverton, 2008; Ryals & McDonald, 2008), which include the development of competency models all of which are summarised in Table 2.14 below.

Table 2.14: Key Account manager competency category models

Reference	Traits	Knowledge/experience	Skills/Abilities
Wotruba & Castleberry (1993); Weeks & Stevens (1997)	*"Integrity; Self-motivation; Concern for ethics; Tact; Responsibility; Creativity; Achievement orientation; Ambition; Realism; Empathy; Entrepreneurship; Teachable; Aggressive".*	*"Experience in handling large accounts; Of company operating strengths & weaknesses; Of company products; Of company procedures; Of customer's company personnel and personalities; Experience in planning and goal setting; Of company personnel and personalities; Of customer's industry; Of customer's company operating strengths/weaknesses; of industry practices and trends; Of customer's company procedures; Of pricing and terms of sale".*	*Building relationships; Coordination; Negotiation; Human relations; Focus on specific objectives; Diagnosing customer problems; Presentation skills; Generating visibility/reputation; Communication; Working as a team; Conflict resolution; Dealing with objectives; Leadership; Closing; Information management; Approach; Diagnosing one's own performance problems; Detail-oriented; Teaching ability; successful previous selling history; Understanding financial statements and analysis; personality analysis".*
Sherman et al. (2003) (S4 Consulting Model)	*"Show understanding of customer processes and industry; Develop and manage relationships; Show leadership; Use the consultative approach; Demonstrate entrepreneurial behaviour; Show creative problem solving; Demonstrate ability to develop personal excellence; Demonstrate organisational skills; Think and act strategically; Execute the account management process; Demonstrate knowledge of supplier's processes and industry".*		
Sherman et al. (2003)	*"Take initiative; Commit time and effort to ensure success; Provide proactive assistance/support; Develop technical competencies, and Train others".*		
Cheverton (2008)	*"Strategic thinking; Strategic influencing; Business management; Project management; Team leadership; Team working; Innovation and creativity; Coordination; Managing change; Managing diversity; Coaching; and Political entrepreneurship".*		
Reference	**Core KAM Competencies**	**Advanced KAM Competencies**	**GAM Competencies**
Ryals & McDonald (2008)	*"Knowledge of the Product; Knowledge of the Customer; Knowledge of the customer's industry; Ability to inspire trust; Project management; Interpersonal skills; Selling and negotiating skills".*	*"Commercial awareness/strategic vision; Consultancy skills & business performance improvement; Advanced KAM Planning; Internal management; Team leadership; Advanced marketing techniques; Finance".*	*"Cultural; Systems & processes; Managing dispersed teams; Managing conflicts between global & local interests; Global logistics & service; Location; Communication".*

The empirical study of Wotruba and Castleberry (1993) tested three sets of competencies: knowledge/experience; skills/abilities, and traits, with a complex and broad set of characteristics identified for KAM to be successful. These were also tested by Weeks and Stevens (1997) adding understanding financial statements and personality analysis (see Table 2.14 above).

In Table 2.14 above, the Sherman et al. (2003) model describes eleven KAM competencies, listing the most important competency first: '*showing understanding of customer processes and industry*', with the least important *'demonstrate knowledge of supplier's processes and industry'* shown last (Sherman et al., 2003: p.94).

Ryals & McDonald (2008), describe competencies for KA managers in three categories: core mandatory skills and knowledge needed by KA managers, referred to as '*KAM competencies'*; '*advanced KAM competencies'* required in

managing complex KAM relationships; '*global account management competencies*' necessary for managing accounts across multiple national borders.

The KA Manager capabilities are provided in Table 2.15 below.

Table 2.15: Key Account manager capabilities

Qualities, knowledge & skills	Individual Attributes
Personal qualities	Integrity and honesty Possess resilience, perseverance and persistence Ability to sell and negotiate Personable and likeable
Functional Knowledge	Service & Product knowledge Understanding of business environment/markets Financial knowledge Languages and cultural competence
Cognitive skills	Creativity / flexibility Strategic thinking/planning Boundary spanning (e.g. ability to look from different perspectives)
Management skills	Communication skills Leadership skills People management Credibility Administrative and organisational skills

KA Teams: Marketing academics report that key accounts require coordinated team-work with KA managers working as a team as opposed to it being an individual endeavour (Jones et al., 2005). KA managers are typically supported by a dedicated cross-functional account team selected from functions such as operations, finance, commercial, fulfilment, and marketing (Arnett et al., 2005). Brehmer & Rehme describe the KAM team as "a way of having one single salesperson or a sales-team, responsible for one major account in the region, one country or globally" (Brehmer & Rehme: 2009: p.963). Successful KAM teams build institutional relationships with customers within the key account at all levels throughout the organisation. This, in turn, facilitates understanding of the customers' needs resulting in the creation of strategies for addressing the customers' problems more effectively (Arnett et al. 2005).

Senior Management: The extant research emphasises the significance of senior management's role in managing key accounts (Guesalaga & Johnston, 2010). Auh & Menguc (2005), describe senior management's role in establishing a strategic and customer-focused direction for the supplier. This, they argue, provides the flexibility for ensuring the proper implementation of KAM in the supplier company.

2.3.8 KAM in a multi-cultural context

'C*ontingency theory'* posits that the specific form of company strategy, organisational structure and business processes are contingent upon the environmental context (Lawrence & Lorsch, 1967). The fundamental assumption in '*contingency theory'* is that adaptation is achieved by "*finding the appropriate fit of situational influences with organisational designs that enable and facilitate appropriate responses to the environment context"* (Zeithaml et al., 1988, p. 39). Academics argue, therefore, that decision making and management practices must be aligned with environmental constraints to obtain the desired performance (Waiganjo et al., 2012). As discussed in Section 2.2, however, these environmental demands and can differ in different national cultures, particularly as the extant literature describes national culture as having considerable influence on the dynamics of business relationships and its development and maintenance (Fang, 2001; Heffernan, 2004; Samaha et al., 2014).

Within the sales and marketing arena, MNCs do not operate in a vacuum. They engage in their chosen markets that are part of national environments that are both a source of competitive advantage as well as a constraint on management actions and strategic choices (Aguilera & Dencker, 2004). The extant literature shows that company activities differ according to the country in which they operate because the activities are affected by various social, cultural and institutional environments (Kogut, 1991; Kostova, 1999; Al-Husan & Brennan, 2009; Yang et al., 2012). Differences in the business environment pose new challenges for the supplier MNC.

One environmental factor that is growing in relevance in international business academia and practice is '*national culture'* (Hofstede, 1980). As explained in Section 2.2, national culture is manifest in a country's management decision-making practices (Hofstede, 1980; Schneider, 1989). It is posited, therefore, that differences in areas such as interaction preferences, space, time together with other general attitudes have a significant impact on different aspects of KAM. These include how relationships start, develop and end. It influences the nature of customer and supplier interactions, the purchasing and decision-making process in both organisations, selling and negotiation styles, personal and corporate credibility, and how KAM is executed (Usunier & Lee, 2005).

Central to these considerations is how relationship constructs develop and evolve over the relationship lifecycle (Wilson, 1995). There is, however, a dearth of empirical studies describing the impact of the external environmental demands on the KAM, and how it is deployed by MNCs (Homburg et al., 2002; Al-Husan & Brennan, 2009).

2.3.9 Western MNCs – HQ and its relationship with a subsidiary

There is a significant body of extant '*International Business'* literature, addressing the nature and role of the corporate headquarters-subsidiary relationships in MNCs (Ambos & Birkinshaw, 2010).

Within this body of extant literature, the MNC is conceptualised as a network of semi-autonomous businesses, each of which controls different resources and markets (Nohria & Ghoshal, 1994). Accordingly, this existing research describes the headquarters-subsidiary relationship as a '*mixed-motive'* dyad, where both parties try to optimise their agenda while contributing to overall organisational efficacy (Ghoshal & Nohria, 1989).

In the context of KAM, and the same is true of many other core business processes including finance and accounting; procurement; HR and marketing, the agenda of the corporate headquarters organisation is to simplify, standardise and automate these processes as much as possible to reduce costs, improve efficiency and provide better control of the global enterprise (Yip & Bink, 2007). The act of globally homogenising business processes has been a key feature of globalisation since the early 1990s (Wilson & Weilbaker, 2004). However, the agenda of the local subsidiary company of the MNC, in the context of this DBA study, a Saudi subsidiary company is often conflicted between the need for corporate compliance and doing what is in the best interests of the local business (Tallman & Koza, 2010). The application of generic Western business processes is likely to damage the local subsidiary, especially where there is significant psychic distance between the subsidiary company and the headquarters organisation (Swift, 1999). Whereas, implementing highly bespoke local processes that are not compliant with the MNCs global standard is unlikely to meet with the approval of the HQ organisation (Birkinshaw et al., 1998; O'Donnell, 2000).

One solution to this conundrum is to develop a hybrid approach in which the subsidiary company honours the corporate need for standardisation, while in return being allowed to flex the application of the business processes in meeting the local context (Nohria & Ghoshal, 1994). Where this can be achieved, the performance of the local subsidiary is improved leading to an improved level of performance for the global MNC (Nohria & Ghoshal, 19940.

2.3.10 The extant KAM literature – limitations and gaps

Notwithstanding the extensive study and use of KAM, by both academics and practitioners, the extant literature contains a number of limitations and gaps, which are described below.

First, there are few empirical studies addressing how KAM it is deployed across national borders (Millman & Wilson, 1996; Homburg et al., 2002; Wengler et al., 2006; Gosselin & Bauwen, 2006; Davies & Ryals, 2007, 2009).

Second, empirical research relating to the informal relational aspects of KAM is severely lacking in the extant literature (Tzempelikos & Gounaris, 2011), especially in relation to the Eastern relationship concepts such as wasta and Et-moone and the role and interplay of this within KAM.

Third, there is a dearth of extant KAM research from developing countries, in particular, KSA (Al-Husan & Brennan, 2009), this is despite increases in foreign direct investment by MNCs increasingly expanding their operations in KSA (Baddar et al., 2010).

Fourth, the extant international relationship marketing research is U.S.-centric, often constrained theoretically to a single national cultural dimension, and limited in scope to a small range of RM strategies (Samiee & Walters, 2003).

2.3.11 Section Summary

In this Section and summarised below in Figure 2.13, the theory and practice of relationship marketing have been considered. Commencing with an exploration of its emergence as a key theme in marketing, followed by a review of the multiple definitions before going on to examine its operationalisation as a process; via relationship constructs and finally through the practice of KAM.

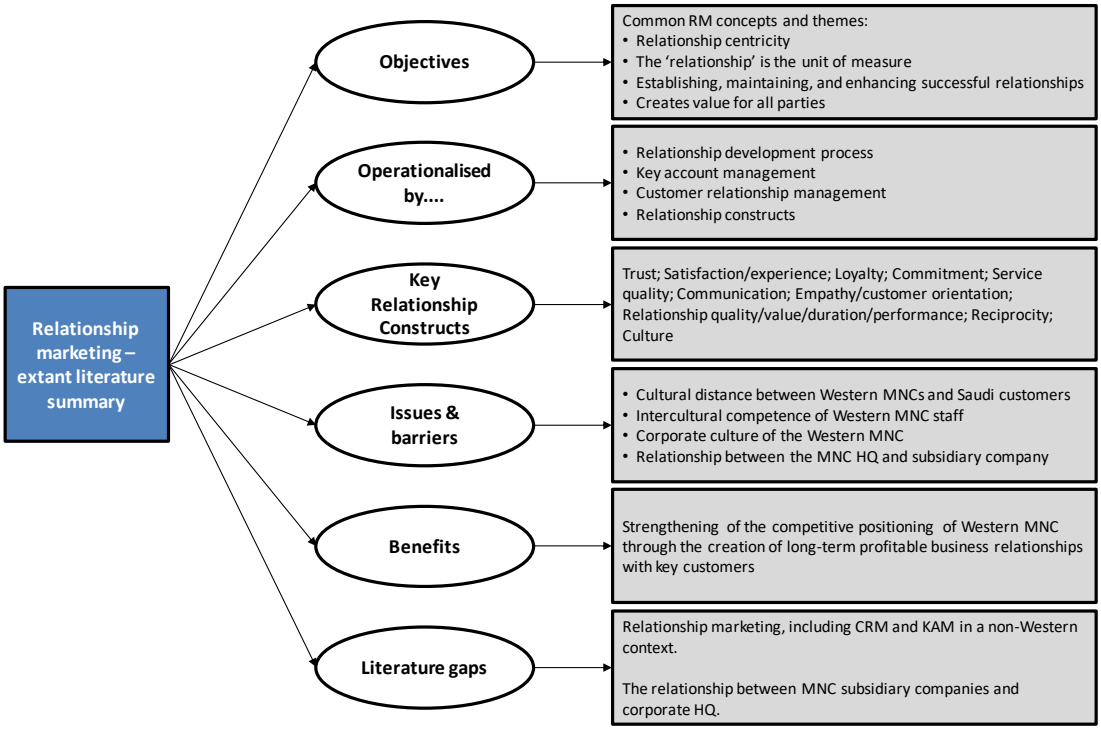


Figure 2.13: Summary of the extant literature relating to relationship marketing theory

2.4 Propositions

The purpose of this Section is to summarise and then contextualise the propositions derived from the extant research explained in Sections 2.1, 2.2 and 2.3.

Given the significant gaps in the extant literature as described in the previous section, especially in relation to relationship marketing and KAM in a B2B context within the Saudi market, it is not considered appropriate to develop hypotheses at this juncture, as would normally be the case. Instead, the extant literature is used to develop quasi-hypotheses referred to in this section as '*propositions*'. The purpose of the propositions is the same as that of hypotheses, in assembling cogent arguments from the body of the existing literature. Given the biased, Western orientation of the extant literature, the propositions will in effect establish what is known from a Western empirical context.

2.4.1 Derivation of propositions

The propositions described below describe the relationship between relationship dynamics derived from extant empirical research explained in Sections 2.1, 2.2 and 2.3. Given the extensive nature of extant literature from a Western context and the comparative dearth of research from a Saudi perspective, the propositions described in this Section 2.4.1 reflect a Western MNC perspective on relationship development dynamics.

2.4.2 Relationship between relationship constructs

The literature relating to Western business culture is explained in Section 2.2, and the key relationship constructs are provided in Table 2.10, in Section 2.3. The review of this existing literature has shown that the *trust* and *commitment* constructs are both the most extensively researched constructs in a Western business context (Dwyer et al., 1987; Wilson, 1995) and are also comprised of multiple dimensions (Abosag et al., 2006; Dowell et al., 2015). The extant literature confirms that measuring trust and commitment in a unidimensional manner does not provide an accurate reflection of how relationship development is influenced by these constructs or the associated dynamics (Abosag et al., 2006). A number of empirical studies have considered this distinction between the dimensions of trust and commitment (Coutler & Coutler, 2003; Doney et al., 1998). However, they fail to explain the dynamic nature of

the relationships within and between the dimensions of trust and commitment. Also, some studies (Morgan & Hunt, 1994; Miyamoto & Rexha, 2004) are contradictory in the way trust, and commitment is conceptualised contributing further confusion to this area of important research. Abosag et al., 2006, report a positive influence of trust on instrumental commitment, contradicting empirical research by Mavondo and Rodrigo (2001) and Geyskens et al. (1996), both of whom describe a negative influence of trust on instrumental commitment. While, the effect of trust on affective commitment lacks support in several studies (Abosag et al., 2006) other empirical studies have found this relationship to exist (Gounaris, 2005). A further complication is that the emphasis on the importance of the cognitive and affective dimensions of trust and commitment differ in across countries (Rodriguez & Wilson, 2002; Batonda & Perry, 2003). This emphasis is culturally affected and specific.

The first proposition, therefore, relates to the relationship between trust and commitment in a Western context. Extant literature finds that the cognitive trust in an exchange partner's ability to perform activities is crucial to a partner's ability to commit to the relationship continuing (Aurier & N'Goala, 2010). With cognitive trust present, risk-taking is greater thereby increasing relational benefits (Mayer et al., 1995). Ganeson (1994) reported it also influences long-term orientation, whereas according to Sirdeshmukh et al. (2002) it influences relational value and then loyalty. With an absence of cognitive trust, the commitment to a relationship reduces (Aurier & N'Goala, 2010). In essence, the performance of tasks in a reliable and predictable manner drives commitment of an exchange partner to a relationship.

P1 - The proposition is, therefore, that 'Cognitive Trust' will have a significant positive association with 'Commitment'.

As explained above, significant empirical evidence exists suggesting commitment has a causal relationship with performance outcomes (Dowell et al., 2015). Sarkar et al. (2001) reported that commitment influences performance; whereas Jonsson and Zineldin (2003) state commitment positively influences relationship satisfaction. When commitment between partners is present, the likelihood of them leaving the relationship is reduced (Young & Denize, 1995). Consequently, exchange partners will invest in the relationship and therefore attempt to resolve disputes, which consequently influences the

performance of the relationship (Young & Denize, 1995). Commitment can, therefore, create several performance-related mutually beneficial outcomes.

P2 - The proposition is, therefore, that 'Commitment' has a significant positive association with 'Relationship Performance'.

The extant literature suggests that cognitive trust has a direct and positive influence on relationship performance (Dowell et al., 2015). Cognitive trust is crucial in relationships because activities are expected to be completed to a satisfactory level of competency, by a partner, without supervision (Newell & Swan, 2000). Thus, supervision is an area where savings are made, thereby enhancing relationship performance (Dowell et al., 2015). Also, compliance with formal contracts will demonstrate the credibility of the partners to the each other. Again, this contractual compliance results in reduced sanctions, providing savings and improvements in relationship performance (Sako, 1992).

Cognitive trust is also required in enabling the continuation of investments because partners are must keep their promises or suffer investment reduction or withdrawal (Ahmed et al., 1999). Furthermore, benevolent partners are more likely to receive trust where limited control is placed on the relationship, thereby enabling actions and activities which provide greater benefits and value (Ganeson, 1994). In the presence of cognitive trust, therefore, partners may remain more confident, irrespective of any short-lived inequities resulting from costs of the other partner taking advantage, as this is still outweighed due to the reduction in monitoring costs and the increase in performance of the relationship (Ganeson, 1994).

P3 - The proposition is, therefore, that 'Cognitive Trust' will have a significant positive association with 'Relationship Performance'.

The extant literature provides evidence that interpersonal liking has a positive causal relationship with relationship performance (Nicholson et al., 2001). Interpersonal liking influences the performance outcomes of the relationship positively (Doney & Cannon, 1997). Furthermore, the extant literature attributes improvements in sales and profits to interpersonal liking (Grayson, 2007). Performance is a wide-ranging concept with, satisfaction, long-term orientation and meeting other expectations also having their performance improved by interpersonal liking. However, as discussed in Section 2.2, in a Western

business context interpersonal liking is interwoven with the structural orientation typical of Western individualistic cultures. As posited by Uzzi (1997), what is exchanged between the exchange partners is valued more than the relationship itself. Therefore, the relationship between interpersonal liking and relationship performance is moderated by cognitive trust.

P4 - The proposition is, therefore, that 'Interpersonal Liking' will have a significant positive association with 'Relationship Performance', moderated by 'Cognitive Trust'.

Shared values, are the only relationship construct that is a direct antecedent of both relationship trust and commitment (Morgan & Hunt, 1994). They are variously defined as the degree to which exchange partners hold common beliefs regarding the relative importance of values, behaviours, goals, and policies (Morgan & Hunt, 1994). Heide and John (1992, p.11) use the term "*norms*," because they refer to "*appropriate actions*" as the shared values of the exchange partners. Similarly, Dwyer et al. (1987. p.21) posit that; "*shared values contribute to the development of commitment and trust*".

P5 - The proposition is, therefore, that 'Shared Values' will have a significant positive association with 'Cognitive Trust'

P6 - The proposition is, therefore, that 'Shared Values' will have a significant positive association with 'Commitment.'

The six propositions are summarised in Table 2.16 below.

Table 2.16: Summary of Propositions

Ref	Propositions relating to Relationship Development Constructs
P1	***Cognitive Trust*** will have a significant positive association with ***Commitment***
P2	***Commitment*** has a significant positive association with ***Relationship Performance***
P3	***Cognitive Trust*** will have a significant positive association with ***Relationship Performance***
P4	**'*Interpersonal Liking'*** will have a positive association with ***'Relationship Performance'***, moderated by ***'Cognitive Trust'***
P5	***'Shared Values'*** will have a positive association with ***'Cognitive Trust'***
P6	***'Shared Values***' will have a positive association with ***'Commitment.'***

2.4.3 Conceptual model

Based on the six propositions, P1 to P6 in Table 2.16 above an initial conceptual model which depicts these propositional relationships is developed as shown in Figure 2.14 below.

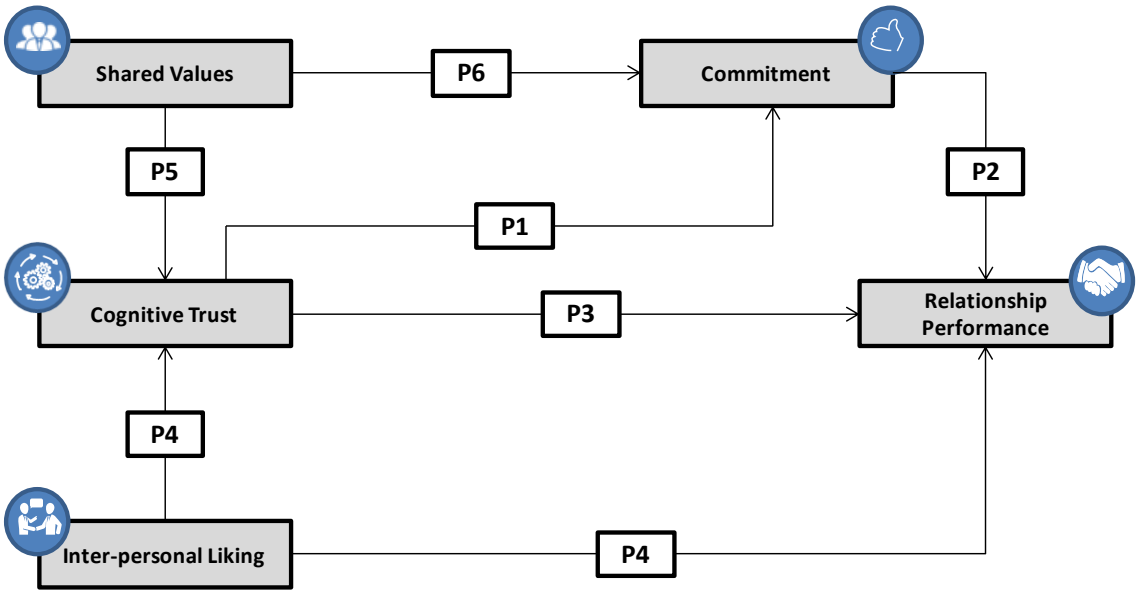


Figure 2.14: Initial conceptual model

2.4.4 Relationship constructs across the lifecycle

In a Western business context, as discussed above, reputational performance together with a structural, instrumental, calculative and cognitive orientation are important constructs during the early stages of the relationship development process. It is only later in the relationship development process, once credibility has been established between the exchange partners, that relational and affective constructs may play a relatively small role (Wilson, 1995). The concepts of attraction and liking are also linked to the cognitive aspects of reputational performance during the early stages of relationship development in a Western context (Wilson, 1995; Abosag et al., 2006). In Figure 2.15 below, these relationship constructs are positioned in the relationship development lifecycle in accordance with the extant literature relating to Western business practices.

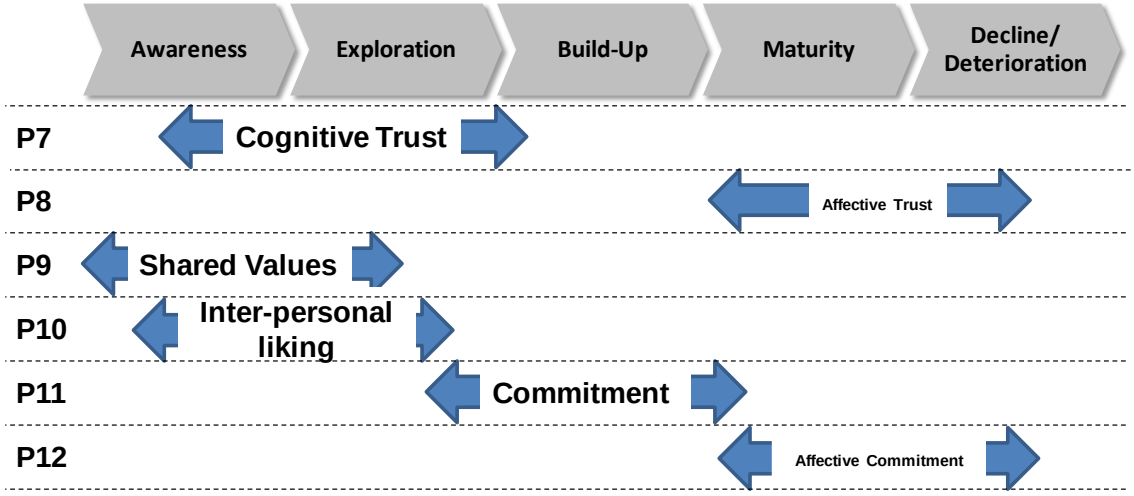


Figure 2.15: Influence of relationship constructs in the lifecycle

The six propositions, P7 to P12 as shown in Table 2.17 below, are positioned in the relationship lifecycle as shown in Figure 2.15 above illustrating the location of their influence on '*relationship performance*'.

Table 2.17: Propositions across the relationship lifecycle

Ref	Propositions relating to Relationship Development Constructs over the relationship development lifecycle
P7	The association of ***Cognitive Trust*** will have significantly larger association with ***Relationship Performance***, in the early phases of the relationship development lifecycle
P8	The association of ***Affective Trust*** will have significantly smaller association with ***Relationship Performance***, in the later mature phase of the relationship development lifecycle
P9	The association of ***Shared Values*** will have significantly larger association with ***Relationship Performance***, in the early phase of the relationship development lifecycle
P10	The association of ***Interpersonal Liking*** will have significantly larger association with ***Relationship Performance***, in the early phase of the relationship development lifecycle
P11	The association of ***Commitment*** will have significantly larger association with ***Relationship Performance***, in the middle build-up stages of the relationship development lifecycle
P12	The association of ***Affective Commitment*** will have significantly smaller association with ***Relationship Performance***, in the later mature phase of the relationship development lifecycle

2.5 Chapter Summary

In this Chapter, the extant literature providing the theoretical underpinnings for this study has been critically reviewed.

In Section 2.1 the contribution made by SET to relationship marketing and the B2B relational exchange was examined. The theoretical basis of SET was considered, before defining its foundational tenets. The key contribution of SET to B2B exchange was then examined in defining the relationship development processes and the key relationship development constructs before concluding with a review of the limits of SET in a B2B relationship marketing context. A key finding is that SET is derived from Western society and cultures that are individualistic. While this helps in understanding exchange from a Western MNC perspective, it has very limited utility in understanding exchange in the context of a collectivistic culture such as Saudi.

Section 2.2 considered the complex theoretical landscape of cultural theory in critically reviewing extant literature in culture, national cultural, cross-national culture, cultural competence and physic distance. As with SET, cultural theory is also significantly developed within a Western context with significant influence by and strong contribution from US-based academics, with a dearth of research coming from a non-western context. Using Hofstede's (1980) model, however, differences between the national cultures of the West and Saudi can be inferred with concurrence existing within the extant literature that the individualistic versus collectivist dimension is the most helpful in understanding the differences in national culture (Berry, 2015).

In Section 2.3 the extant relationship marketing literature was critically reviewed from a theory and practice perspective. Commencing with an exploration of its emergence as a key theme in marketing, driven by globalisation and the emergence of information technology systems, followed by a review of the multiple definitions before going on to examine its operationalisation as a process; via relationship constructs and finally through the practice of KAM. Consistent with the findings from Sections 1 and 2, KAM has also emerged from a Western, and predominately the USA, business and cultural context with a dearth of empirical research considering their use in a non-Western context.

This section also considered the *mixed-motive'* dyadic relationship between the MNC headquarter organisation and the local subsidiary company in what can be a contradictory relationship. The existing literature suggests a hybrid model of developing and implementing KAM is often a suitable compromise in meeting the competing needs of both sides of this dyadic relationship.

Finally, in Section 2.4, propositions are constructed from the extant literature from which a conceptual model is developed together with a lifecycle model in which relationship constructs are placed based upon their most active contribution to relationship performance.

In Figure 2.16 below, the very distinct influences on B2B relationship development, as described in the extant literature, are illustrated.

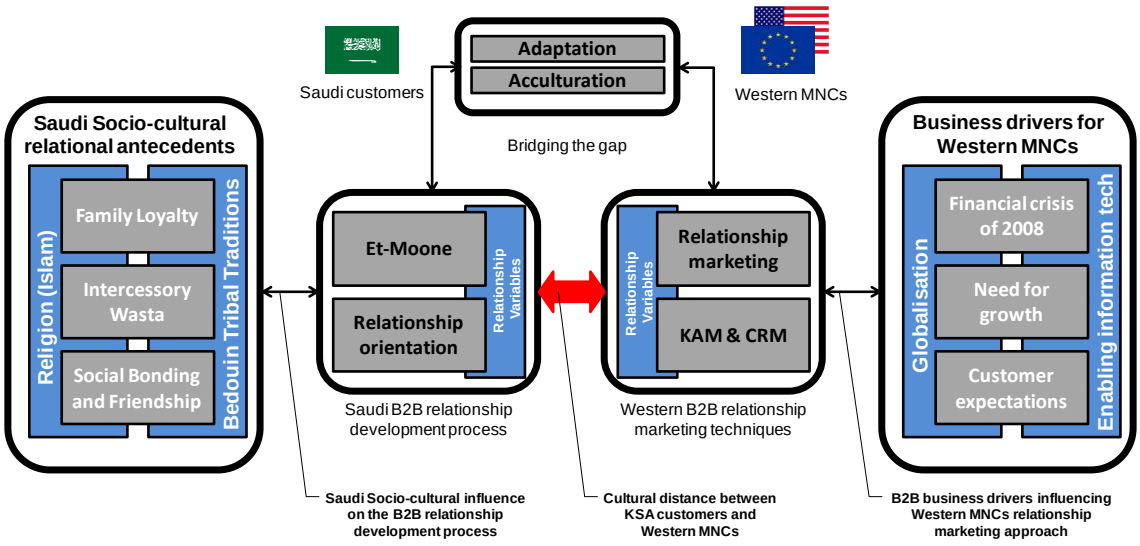


Figure 2.16: B2B relationship development influences

In the next Chapter, the research methodology and methods are examined.

Chapter Three – Research Methodology and Methods

3.0 Introduction

The specific objective of this chapter is to develop a suitable two-stage sequential mixed method research design that uses repertory grid interviews to collect qualitative data to inform the design of a survey instrument in Stage 1. The survey instrument is then used to collect quantitative data in Stage 2.

This chapter begins by discussing the major elements of a research project including the ontological and epistemological theoretical perspectives, methodology and methods used for data collection. Indeed, Crotty (1998) argues these components provide a strategy that systemically structures the methodology chapter and is outlined in Figure 3.1 below. Following this, the approach taken for the literature review is discussed together with consideration of the ethical issues. This is followed by an explanation of the target participants and respondents. Next, the two stages used in this mixed method approach to construct the study are explained. This is followed by an explanation of the data analysis methods used before finishing with a summary of the limitations of the study.

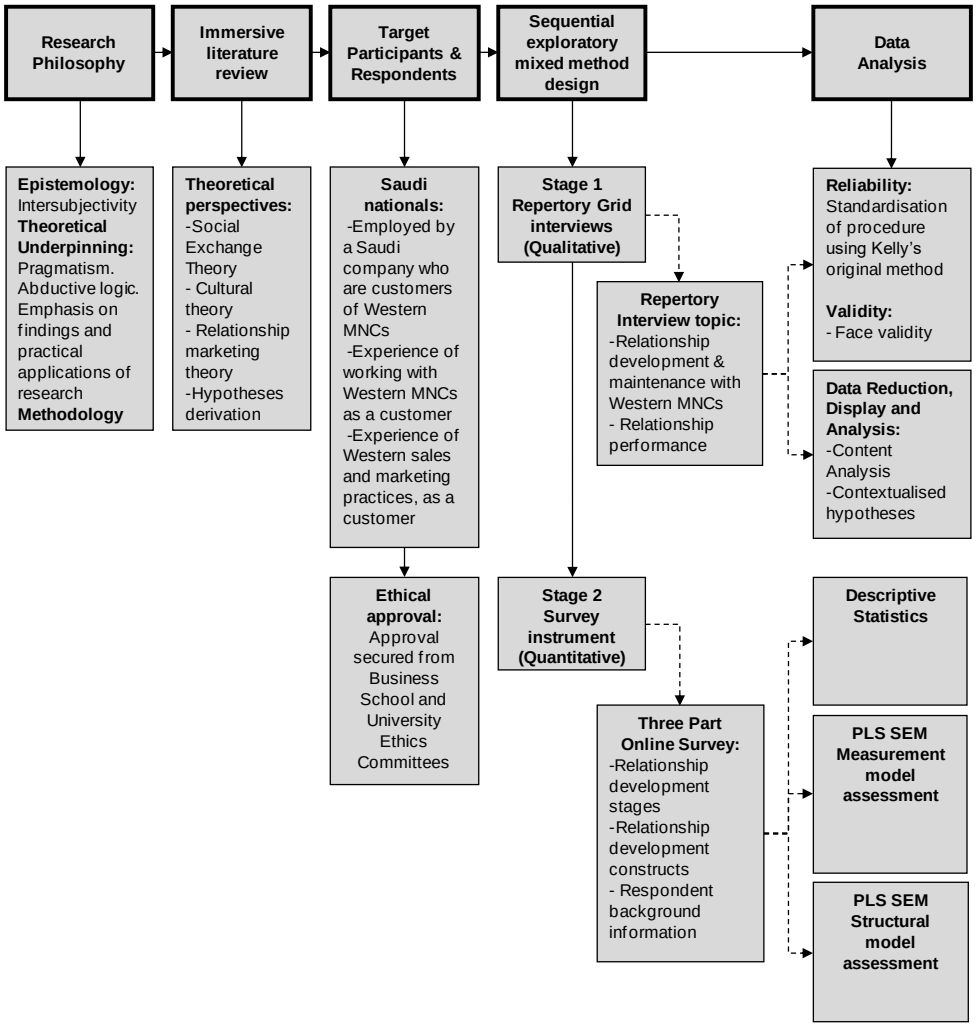


Figure 3.1: Summary of Research Design

3.1 Research Philosophy

This first subsection explains the key elements of this DBA study including ontology, epistemology, theoretical perspectives together with the methodological considerations, as illustrated in Figure 3.2 below.

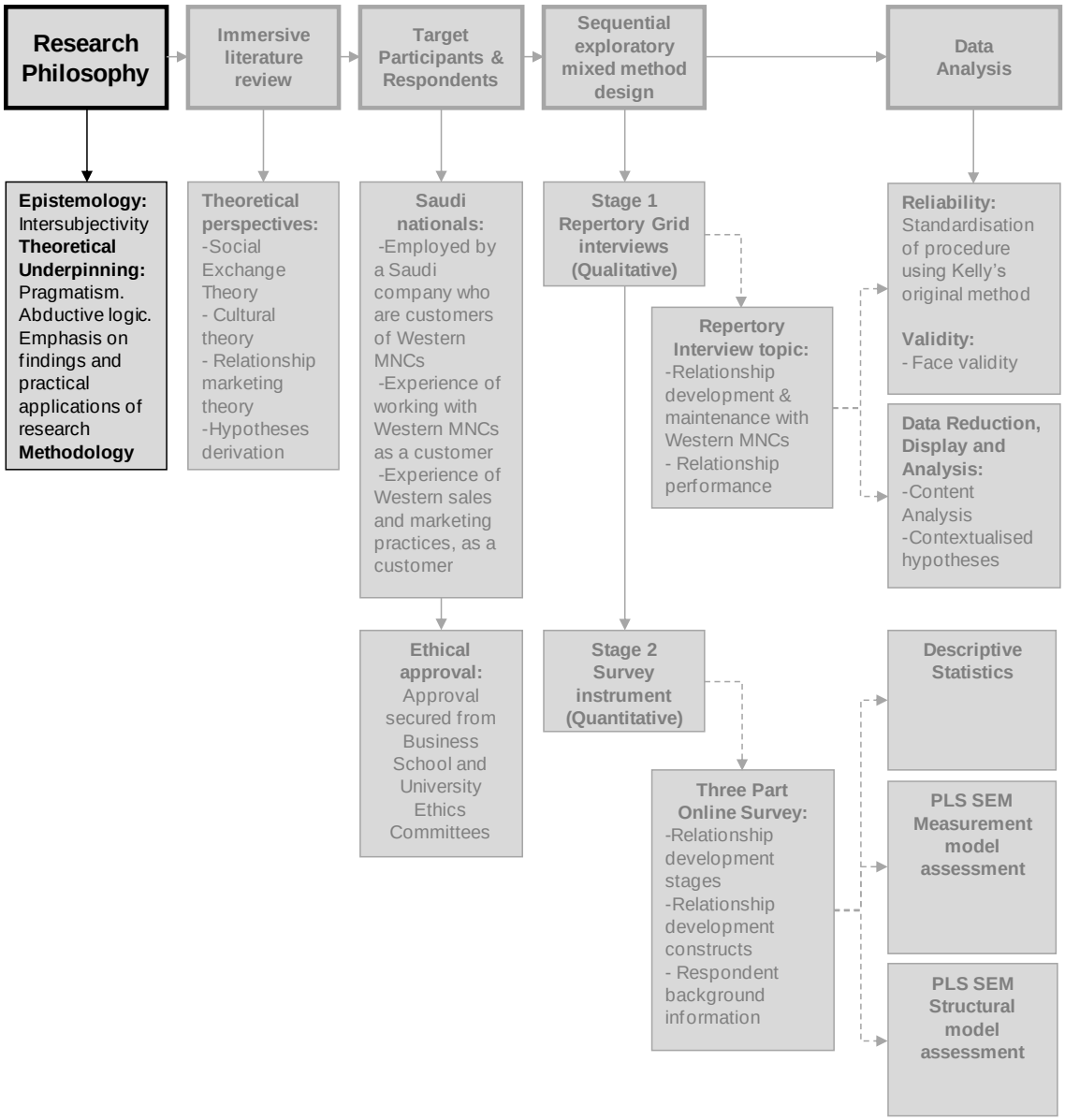


Figure 3.2: Summary of Research Design – research philosophy

3.1.1 Epistemology

The marketing research literature describes approaches to social and behavioural science research as being founded on three interwoven areas of philosophical assumption (Crotty, 1998). First, ontology which describes the nature of reality; second, epistemology which establishes how we know what we know, and third axiology which describes our values, that when taken together constitute the philosophical underpinnings of a particular research

study (Crotty; 1998; May & Williams, 1998; Kent, 2007). These contributions also describe the different research philosophies as paradigms (Teddlie & Tashakkori, 2009), which Mertens (2003) defines as a "*worldview*", complete with the assumptions that are associated with that view (Mertens, 2003, p.130). These paradigms, or worldviews, are increasingly considered as a multi-dimensional set of continua rather than separate opposing positions or traditions (Teddlie & Tashakkori, 2009; Niglas, 2010), implying that researchers can move along this continua, as determined by the needs of their research, as opposed to being anchored permanently in one position.

At one end of this philosophical spectrum, the objectivist ontology and positivist epistemology is found. An objectivist ontology argues the meaning of reality should be considered as objects within a solid framework, and that have a reality independent from and external to social actors (Crotty, 1998; Bryman & Bell, 2015). Knowledge of an embedded meaning is described as being '*objective*' (Della-Porter & Keating, 2008). The epistemological position that is usually associated with objectivist ontology is 'positivism' (Crotty, 1998). Positivism regards reality as being independently observed and accurately measured and analysed (Crotty, 1998). In this worldview, the '*knower*' and the '*known*' are independent of each other with an axiological perspective that inquiry is 'values' free (Lincoln & Guba, 1985). Hence, positivists advocate the use of a deductive approach through the development of hypotheses using prior themes which are then tested using a research study design that uses quantitative methods as its data gathering procedure (Blaikie, 2003; Teddlie & Tashakkori, 2009). For this study, positivism is not considered appropriate given the complex cultural context in which this study is being performed.

The opposite end of the spectrum is represented by the subjective ontology and interpretivist epistemology (Creswell, 2014; Byrman & Bell, 2015). Here, reality is considered *"a social construction built up from the perceptions and actions of social actors"* (Bryman & Bell, 2015: p.17). Reality is contained within the mind of a social actor and, therefore, is understood by interpreting the perspectives and points of the research participants (Kent, 2007). In this worldview held by constructivists, the '*knower*' and the '*known*' are as one and hold an axiological perspective that inquiry is values bound (Lincoln & Guba, 1985; Crabtree & Miller, 1999; Bryman, 2012). Hence, constructivists usually advocate the

adoption of an inductive approach to research design using methods consistent with their subjective and interpretivist worldview which typically have a qualitative orientation, of which interviews is an example (Bryman & Bell, 2015; Creswell, 2009). Adopting a purely qualitative approach to this study is not considered approach as it will restrict the perspective obtained to a limited number of interviews, and thereby limit the interpretation that can be extracted from this limited body of data.

Described in the extant literature as the *'third'* paradigm (Creswell, 2015) it is represented by the intersubjective ontology with a pragmatic epistemology. Seminal writer Crotty (1998) recognises intersubjectivity as being consistent with the philosophical traditions of pragmatism. Pragmatism is described by Morgan (2007) as enabling researchers to believe in the real world in recognising that people have unique interpretations of that reality. In other words, both objective and subjective positions are valued, and they hold an axiological perspective that values are important to inquiry in interpreting results (Teddlie & Tashakkori, 2009). Consequently, pragmatists adopt an abductive approach and draw from both the objective and subjective research traditions in creating a research design that they believe will best enable their research questions to be answered (Creswell, 2009; Teddlie & Tashakkori, 2009).

The pragmatist's view of reality consists of two parts: Pragmatists tend to agree with positivists on the existence of an external reality where the '*knower*' and the *'known'* are separate (Cherryholmes, 1992). Nevertheless, pragmatists do not believe that the truth regarding reality can be determined (Cherryholmes, 1992). They are sceptical that any one explanation of reality is better than any other (Creswell, 2014). The choice of an explanation in any given context is that it is better than any other at producing the specific anticipated or desired outcomes (Cherryholmes, 1992). Howe (1988) further describes truth from a pragmatist perspective: *"For pragmatists, 'truth' is a normative concept like 'good', and 'truth is what works' is best seen not as a theory or definition, but as the pragmatists' attempt to say something interesting about the nature of truth and to suggest, in particular, that knowledge claims cannot be totally abstracted from contingent beliefs, interests, and projects"* (Howe, 1988, p.14), hence pragmatism is fundamentally about doing what works in the pursuit of the research aims.

3.1.2 Theoretical underpinning

The theoretical underpinning of '*Pragmatism*' is adopted for this DBA research. To satisfy the very practical aim and contributions to practice of this DBA study, and to address the complexities presented by its context including significant cultural distance; potential language barriers and an area of marketing that is significantly under-researched, a multi-faceted approach was considered necessary (Bartholomew & Brown, 2012; Creswell, 2014; Mertens, 2016).

Driven by an action orientation (Easterby-Smith et al., 2008), pragmatism recognises the many ways of understanding the world around us (Kelemen & Rumens, 2010). It contends that the only valid concepts are those that facilitate action and the most important consideration is the extent to which addressing the research aims and objectives are supported (Rossman & Wilson, 1985; Howe, 1988; Cherryholmes; 1992; Christ, 2013). Pragmatism relies on an abductive logic that oscillates between deduction and induction (Morgan, 2007). The abductive process is a common facet of research that combines qualitative and quantitative methods (Morgan, 2006; Ivankova et al., 2006), where the results from inductive inquiry provide inputs to the deductive objectives of a quantitative approach, and vice versa. According to Suddaby (2006), abduction is effective in combining inductive and deductive research approaches and is more realistic in reflecting what many researchers do in practice. Inductive inquiry progresses from data to theory, whereas deductive research starts with theory and moves to data. However, an abductive approach oscillates, as required by the needs of the research study, between the two (de Waal, 2013).

Regarding this DBA research Pragmatism rejects the notion that epistemologically, science and practice are different in the sense that science is only concerned with knowledge, whereas practice is only focused on action (Biesta & Burbules, 2003). Dewey's pragmatic perspective advocates an informative relationship between inquiry and practice rather than a linear relationship where inquiry simply informs practice (Biesta & Burbules, 2003). This reasoning also rejects the need to choose between extremes whereby inquiry results are either completely specific to a particular context or an example of a completely generalised set of principles (Morgan, 2007). Tashakkori et al. (2010) argue that the fundamental idea underpinning this reasoning is that of *'transferability'* or ways in which findings can be used in

other setting and the justifications for making these claims (Tashakkori et al., 2010; Morgan, 2007). This idea of transferability has also been used by Lincoln and Guba (1985), who regard as an *"empirical"* issue (1985, p. 297), the extent to which things learned in one context may be applied in another. They argue that making simple assumptions that methods, and the results they produce, are either context-bound or generalisable, as fundamentally unsound. Alternatively, they posit that investigation is required into the circumstances that affect the ability of knowledge gained in one setting to be transferred to other settings (Lincoln & Guba, 1985). The advocacy for the transferability of knowledge comes from the fundamentally pragmatic consideration of what people can do with the knowledge produced by the research process. The use of knowledge should not be limited by abstract arguments regarding the plausibility of the generalisability of result findings (Morgan, 2007). Hence, the epistemological relationship to the research process adopted for this study is that of 'intersubjectivity'.

3.1.3 Methodology

Given that no single approach provides a comprehensive understanding of the world around us (Goldkuhl, 2004; Christ, 2013), pragmatism usually adopts a 'mixed methods' research methodology (Goldkuhl, 2004; Tashakkori & Cresswell, 2007; Creswell, 2009; Teddlie & Tashakkori, 2012). While existing contributions provide a myriad of definitions for mixed method research; this study has adopted the definition provided by Johnson et al. (2007). This is because the writers conducted extensive secondary research critically reviewing nineteen definitions provided by leading scholars to claim:*"Mixed methods research is the type of research in which a researcher or team of researchers combines elements of qualitative and quantitative research approaches (e.g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for breadth and depth of understanding and corroboration",* (Johnson et al., 2007, p123). This definition exemplified the congruence between pragmatism, and it's use of mixed methods as a research methodology. More recently, research conducted by Harrison and Reilly (2011) identified four mixed method research design types used by marketing academics: *exploratory; explanatory; embedded and concurrent*. The sequential design method, representing 47% of the mixed method research design types identified (Harrison & Reilly, 2011.p.15), are the most commonly used and is

therefore adopted for this study. The sequential design procedure conducts qualitative research initially to identify and validate variables and constructs for instrument development and design and then subsequent quantitative research to predicate the relationship between the variables and constructs (Harrison & Reilly, 2011). Consistent with the mixed method research design approach described above, seminal scholars (Pitchforth et al., 2007; Cresswell, 2014) describe how qualitative data provides deeper and richer insight to the design of a quantitative survey instrument.

Mixed method research approaches are especially appropriate for exploring relationships where the study variables are unknown (Cresswell, 2014). For example, designing new research instruments, derived from the initial qualitative findings; generalising qualitative findings; or testing an emerging theory (Harrison & Reilly, 2011). Mixed method research designs are conducted when qualitative data is only an initial exploration to identify variables, constructs, taxonomies, or instruments for quantitative studies (Creswell et al., 2003). Mixed method research designs are typically constructed in two sequential stages (Harrison & Reilly, 2011; Cresswell, 2014), namely, (1) qualitative data is collected and analysed (2) the analysed qualitative data is then used to develop scale items for a survey instrument to enable the collection of quantitative data (Harrison & Reilly, 2011).

There are a number of strengths associated with sequential mixed method research design. The main benefit is that it has the potential of providing greater depth and breadth in research findings (Bartholomew & Brown, 2012; Brown, 2016), acknowledging its congruence with pragmatism as well as addressing multi-facetted research contexts. Additionally, it provides a richness of knowledge obtained by analysing the experiences of participants (Creswell, 2014). Interviewing respondents only indicates a surface level of understanding of a phenomenon (Ghosh, 2016). The multi-faceted approaches adopted in qualitative research provides for a richer and much deeper understanding of a given phenomenon. This, in turn, leads to much greater specificity and focused to questions asked in the second quantitative stage of the research process (Johnson et al., 2007; Ghosh, 2016).

The adoption of a mixed methods research design provides a choice of positions that assist in addressing the research aims and objectives (Teddlie &

Tashakkori, 2010). Given the complexities arising out of the differences in cultural, language and the relative immaturity of business practices (such as those in the KSA) together with the mechanics of relationship development, adopting a mono-method approach for this study would have given rise to two potential concerns. First, a mono-method procedure may not provide an adequate or sufficient data set to analyse and from which to draw conclusions or to make a meaningful contribution to practice (Creswell, 2014). Second, for practitioners to have confidence, a wide range of opinions, inputs, and data would need to have been demonstrably considered in claiming a unique contribution to practice. Similarly, the use of either a purely qualitative or quantitative procedure could give rise to similar concerns and may also suffer from the same limitations, leading to a potential bias in the results (Bartholomew & Brown, 2012).

The existing marketing research literature describes using a mixed method research design as a means of providing a more complete understanding of phenomena within cultural contexts (Bartholomew & Brown, 2012). The cultural context is often central to, rather than secondary future of, cultural research in enabling researchers to explore the nexus of context and psychology, capturing the uniqueness of psychological phenomena within cultures (Kim & Berry, 1993; Shweder, 1999; Church & Katigbak, 2002; Diaz-Loving, 2005; Bartholomew & Brown, 2012; Crede & Borrego, 2013). Bartholomew & Brown (2012) argue that using a mixed method research design to explore the unique context of culture allows the audience to connect the worlds from which research was derived with empiricism, as opposed to philosophical frameworks and theoretical findings, from Western literature, being imposed on a non-Western cultures (Bartholomew & Brown, 2012).

Furthermore, research using sequential mixed method research designs are described in which the qualitative first stage was a lengthy procedure to better understand a culture in order to create culturally appropriate constructs and measures (Hitchcock et al., 2006; Miller et al., 2006; Nastasi et al., 2007; Creswell & Plano Clark, 2007; Bartholomew & Brown, 2012). As demonstrated in these studies, instrument development was not the only purpose of the initial qualitative first stage as researchers used this to explore a construct of interest to better understand its manifestation in a cultural setting before quantifying the

phenomenon in the second stage (Creswell & Plano Clark, 2007). The existing literature suggests that this research design is prevalent in non-Western, culture-specific research context (Creswell & Plano Clark, 2007).

The cultural research described above represents non-WEIRD cultures: *non-Western; Educated; Industrialized; Rich; and Democratic* (Henrich & Heine, 2010; Henrich et al, 2010) and the adoption of the mixing of paradigms and worldviews to more fully capture the complexity of the cultural context (Henrich, Heine, & Norenzayan, 2010). In so doing it also attempts to address the conundrum in which Toomela (2007) finds that purely quantitative research is inadequate: *"prediction without insight and the accumulation of facts without complex thinking*" (Toomela, 2007, P10).

The criticism of mixed methods research relates to inappropriate mixing of methods and data from different philosophical paradigms, referred to in the existing literature as the '*incompatibility thesis*' (Guba 1987; Sale et al., 2002; Teddlie & Tashakkori, 2010). The incompatibility thesis argues that there is a one-to-one direct linkage between research paradigms and research methods. Consequently, therefore, when the underpinning assumptions of different paradigms clash, it transpires that the methods associated with those paradigms cannot be compatible, and the data collected using these methods cannot be mixed (Smith, 1983; Guba 1987; Sale et al., 2002; Teddlie & Tashakkori, 2010).

The major challenge, however, for mixed method researchers is how to achieve this mixing of methods and data collection and analysis, in avoiding the second major criticism in that mixing has not occurred (Greene et al., 1989; Tunarosa & Glynn, 2016). Instead, critics argue that the two paradigms, quantitative and qualitative, have just been used in same study, side-by-side, without any integration and are therefore two studies contained within the same report (Greene et al., 1989). This challenge is largely addressed in carrying out the careful design of the study (Harrison & Reilly, 2011). In the context of this study, a sequential mixed method research design has been adopted and deployed using both qualitative and quantitative methods of data collection and analysis, as presented in Table 3.1 below.

Table 3.1: Mixing of methods and data

Mixing of methods and data		
Where and When	**How**	**Precedence**
Overall design	Sequential mixed method design in Marketing studies	Harrison & Reilly (2011)
	Sequential mixed method design in a non-Western cultural context.	None found
Stage 1	The use of repertory grid interview instrument in a sequential mixed method research design. Qualitative and quantitative data collected using qualitative and quantitative methods.	Hair, et al., 2009 Ryan & O'Connor, 2009 Cunningham, 2010 Grill et al., 2011.
	The use of repertory grid interview instrument where culture is a core aspect of the study. Qualitative and quantitative data collected using qualitative and quantitative methods.	Hunter & Beck, 2000 Tomico et al., 2009
	The use of repertory grid interview instrument in a B2B marketing context. Qualitative and quantitative data collected using qualitative and quantitative methods.	Hair, et al., 2009 Rogers & Ryals, 2010
Stage 2	Aggregated constructs from Stage 1, derived from qualitative and quantitative data used to inform survey instrument design, including the development of scales.	Walsh & Beatty, 2007
Inference making	Inference making using qualitative and quantitative data obtained from Stages 1 and 2.	Kirmani & Campbell, 2004

The initial integration occurs at the overall design level, as shown in rows one and two, with the design of a sequential process of qualitative findings being used to both design the survey instrument and inform the selection and adaption of scales items. Second, qualitative data face validity tested and then cross-referenced with that from repertory grid interviews (rows three, four and five), are used to further revise the survey instrument before deployment, and thereby integrating data at the collection level between stages 1 and 2. Finally, (row seven) qualitative data from the repertory grid interviews and the quantitative data collected by the survey instrument are subject to triangulation and corroboration in the making of inferences and in drawing out additional conclusions that would not have otherwise been available about how relationship development occurs in the context of this study (*Crede & Borrego, 2013).* The application of the sequential mixed method research design is discussed in Section 3.4 below.

3.2 Immersive literature review

This subsection describes the methodological approach used in the conducting of the literature review that is presented in Chapter 2 of this study, as shown in Figure 3.3 below.

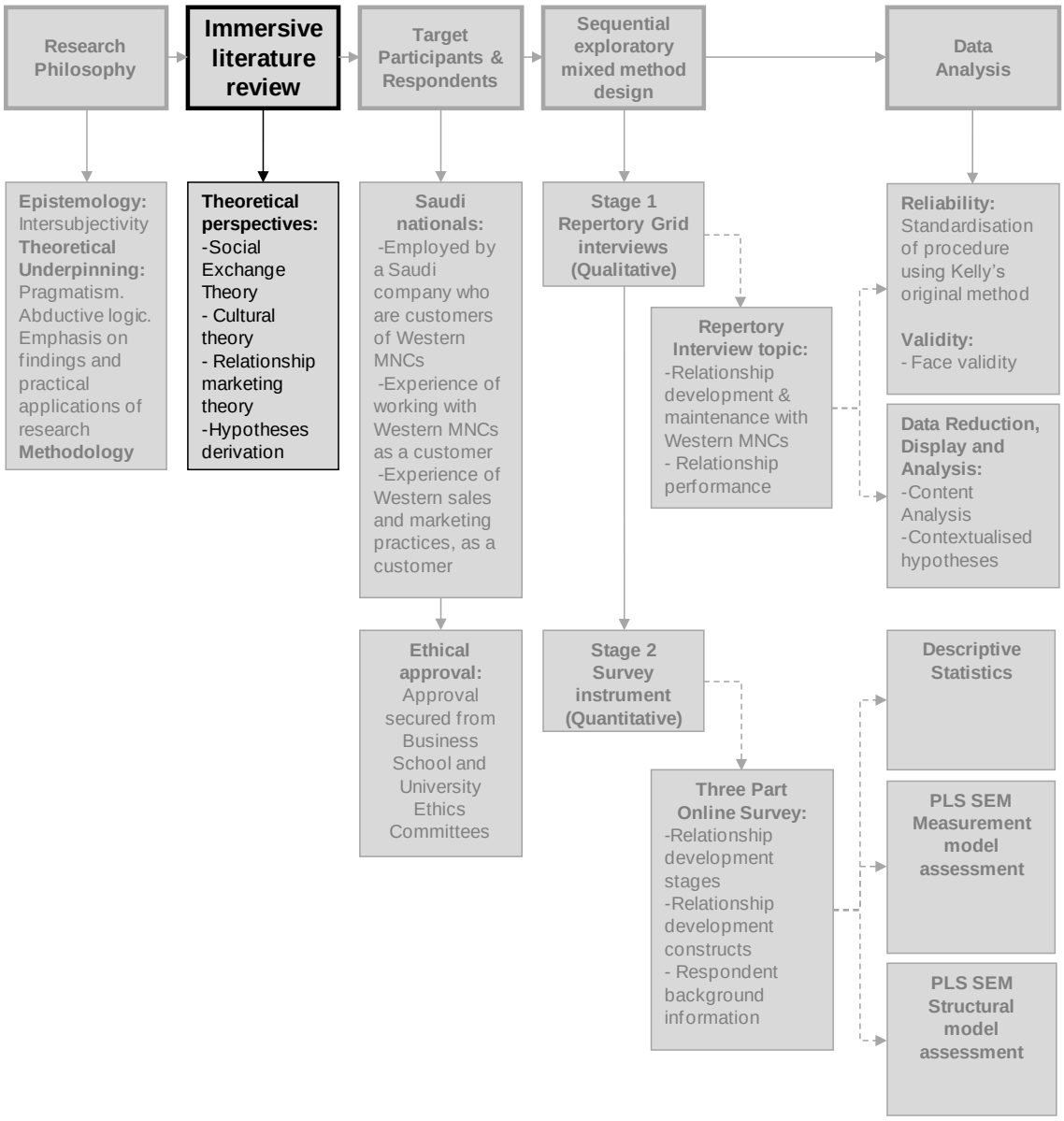


Figure 3.3: Summary of Research Design – immersive literature review

3.2.1 Literature review aims

According to Hart (1998, p.23): *"a literature review is an objective, thorough critical analysis and summary of the extant relevant literature on the topic being studied"*. A literature review has two main aims (Sharp et al., 2002): First, the conducting of a preliminary literature review assists with generating and refining research aims, objectives and questions for the study (Creswell, 2014). This preliminary literature review requires an awareness of the current state of knowledge to be demonstrated, together with its limitations and how the proposed research fits into this existing wider context (Gill & Johnson 2010; Fink, 2014). As emphasised by Jankowicz (2005) research is never conducted in a vacuum and should not reinvent the wheel (Jankowicz, 2005). Demonstrating a thorough understanding of key theories, concepts and ideas together with the major controversies, issues and debates are essential components of this preliminary literature review (Denyer & Tranfield, 2009; Cooper, 2010; Marshall & Rossman, 2011; Creswell, 2014;). The first aim also supports the second aim, which is the creation of the formal literature review contained in Chapter 2 of this study. The formal literature review should minimise personal biases, be based on a clear search and selection strategy (Carnwell & Daly, 2001, Cresswell, 2014) and gather information about the study topic from many reliable sources (Fink, 2014).

As discussed by Cooper (2010), a literature review can take one of several thematic forms in integrating what others have done and said; criticising previous academic research; creating connections between related themes and topics, and identifying the central issues within a particular field (Cooper, 2010). Except for criticising previous academic research, most doctoral dissertations attempt to integrate the extant literature, organise it into thematically related topics and then summarise it by the central issues observed and the critical gaps exposed (Bryman, 2012; Creswell, 2014). The extant literature also describes a number of methodological approaches to the creation of a literature review, namely: *Narrative reviews*; *Systematic reviews*; *Meta-analysis and meta-synthesis*, and *immersive reviews* (Miller & Crabtree, 1999; Bryman, 2012; Creswell, 2014), which are illustrated in Figure 3.4 below.

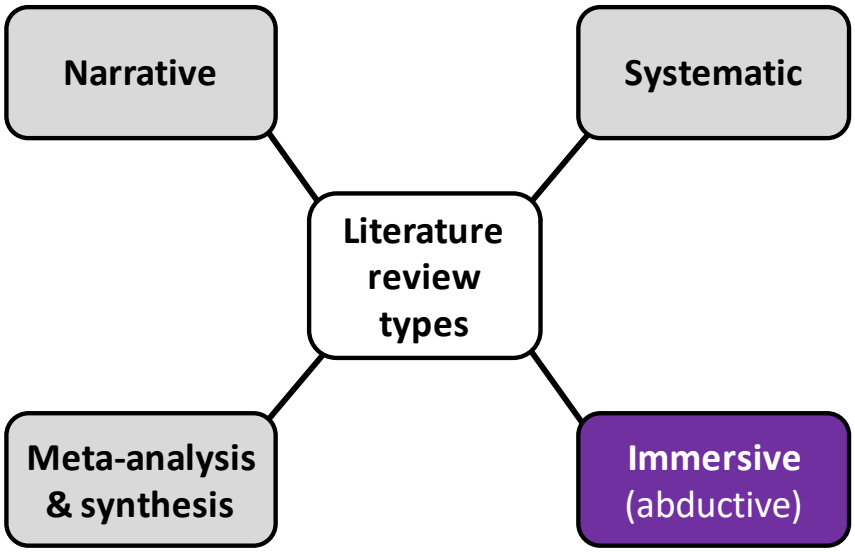


Figure 3.4: Approach to the literature review (adapted from Hall & Mkwebu, 2016)

3.2.2 Immersive literature review procedure

As part of the sequential mixed method research design described in Section 3.1, this study adopted an immersive approach to the conducting of the literature review presented in Chapter 2.

The choice of an immersive approach to the literature review was made after consideration of the pertinent context within the research process, including the research aim and objectives of the study; the state of the extant knowledge and literature, the empirical setting, and the intended contributions and audience. Immersive literature reviews are considered useful and appropriate when the research aim is one of exploration and/or discovery when there is a dearth of extant research and knowledge, and the research design has a strong participatory component (Crabtree & Miller, 1999). As discussed above, an immersive approach is also congruent with abductive research logic. As described by Kelle (1995, p.34) the benefit of abduction is that it helps: *"… to explain new and surprising empirical data through the elaboration, modification, or combination of pre-existing concepts. Within this context, the theoretical knowledge and pre-conceptions of the researcher must not be omitted. Nevertheless, this knowledge can be used much more flexibly than with hypothetically-deductive research: theoretical knowledge and pre-conceptions serve as heuristic tools for the construction of concepts which are elaborated and modified by empirical data*" (Kelle, 1995, p.34). The iterative immersive literature review procedure used in this study is illustrated in Figure 3.5 and described below.

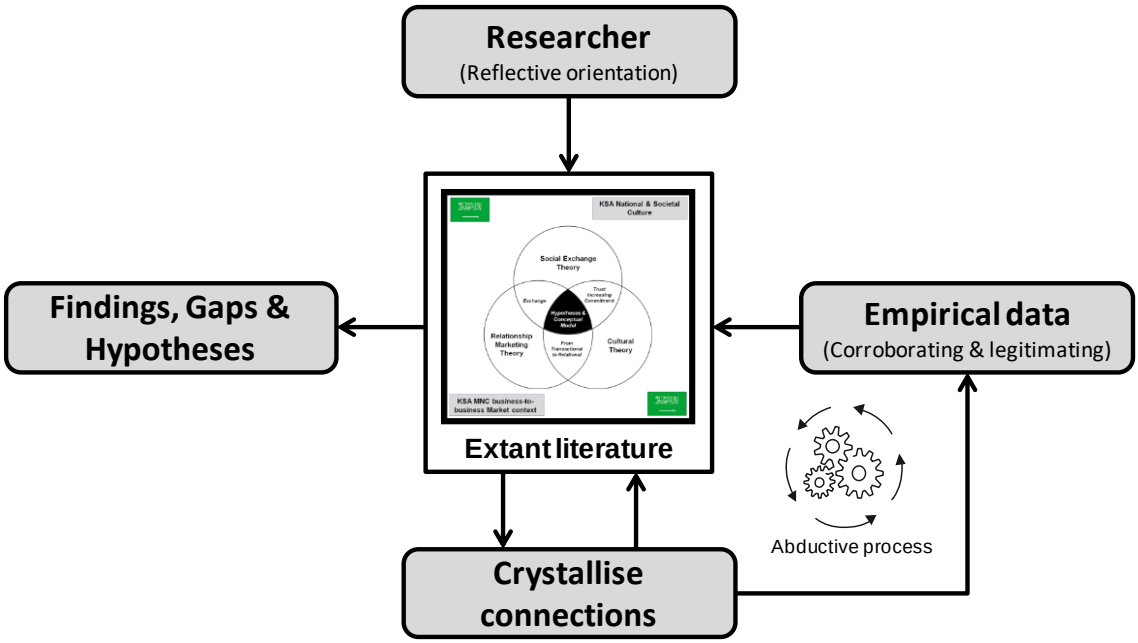


Figure 3.5: Iterative immersive literature review procedure (adapted from Crabtree & Miller, 1999).

Researcher (Reflective orientation): Moustakas (1990) describes the immersive process as the two separate stages of *immersion* and *illumination,* whereby insights occur "*when the researcher is open to tacit knowledge and intuition*" (Moustakas, 1990, p.7). Crabtree and Miller (1999), argue that the researcher is admonished to live the topic and must also prepare oneself for this stage by providing the right environmental setting, freedom from disturbance and effective methods of recording insights and outcomes. Stein (1990) posits that above all having the appropriate mindset that removes the pressure to achieve an outcome is important, what Becker (1997, p.13) describes as *"attentive inattentiveness".*

Extant literature: The search and selection of the extant literature used a variant of the *'snowballing'* technique (Greenhalgh & Peacock, 2005). The snowballing technique uses the references and citations related to a research article to identify additional relevant articles (Greenhalgh & Peacock, 2005). Using the references and the citations associated with an article is respectively referred to as backwards and forward snowballing (Greenhalgh & Peacock, 2005). In addition to the snowballing technique of reviewing the references and

citations, a review of where articles are referenced and cited was also carried out. This included journals, institutions and databases (Jalali & Wohlin, 2012).

Initially, the seminal articles and researchers were identified in each of the three theoretical areas under consideration (Social exchange theory, cultural theory and relationship marketing) using keyword searches in Google Scholar. The backward and forward snowballing technique was then used to identify further relevant articles, with an emphasis on empirical research. As the qualitative repertory grid interviews progressed during stage 1 of the research process, the abductive process of combining empirical observations with the insights obtained from the on-going exposure to extant literature continued (Dubois & Gadde, 2002), and this included the revisiting of the keyword searches within Google Scholar (Fink, 2012). This abductive process continued into stage 2 of the research process during the collection of quantitative data using the survey instrument.

Because of the snowballing technique, the literature emerged as the study progressed (Greenhalgh & Peacock, 2005). As the relevance of themes and topics emerged, and the seminal researchers were identified, alerts were established within Google Scholar with the aim of keeping up to date with the latest developments in these areas of interest (Greenhalgh & Peacock, 2005; Ravasi & Canato, 2013).

Crystallise connections: The process of crystallising connections from the extant literature, and empirical data often involve one of two techniques (Miller, 1992): reviewing all of the extant literature and data by using multiple '*horizontal*' passes, or analysing the literature and data one topic at a time '*vertically*' before moving to the next topic (Miller, 1992). In the context of this study, the *'vertical'* technique was adopted. This technique was considered particularly helpful as the volume of extant literature was large and empirical data was collected using different techniques at different times during the study, and this, therefore, precluded the use of the horizontal method in reviewing the total dataset at one time (Miller, 1992; Crabtree & Miller, 1999). The vertical method also facilitated the ability to feed insights and connections back into the data collection and analysis process as described below.

Empirical data (Corroborating and legitimating): As discussed above, the vertical technique facilitates an iterative abductive process of feeding insights and connections back into the data collection and analysis process as a means of corroborating and legitimating both the insight and/or the empirical data (Crabtree & Miller, 1999). This iterative abductive process of *"going back and forth between framework, data sources, and analysis"* (Dubois & Gadde, 2002, p. 555), topic by topic using the vertical method described above, is a central feature of the research method used for this study.

Findings, gaps and hypotheses: The outcome of the immersive literature review, in the form of findings, gaps, limitation and hypotheses are summarised in Sections 2.4 and 2.5.

3.3 Target participants and respondents

In this subsection, the approach taken in defining and sizing the target participants and respondents is provided starting with the target population and sampling frame, followed the sampling approach adopted and the profile of the target participants and respondents. This subsection ends with a description of the ethical considerations related to the target participants and respondents.

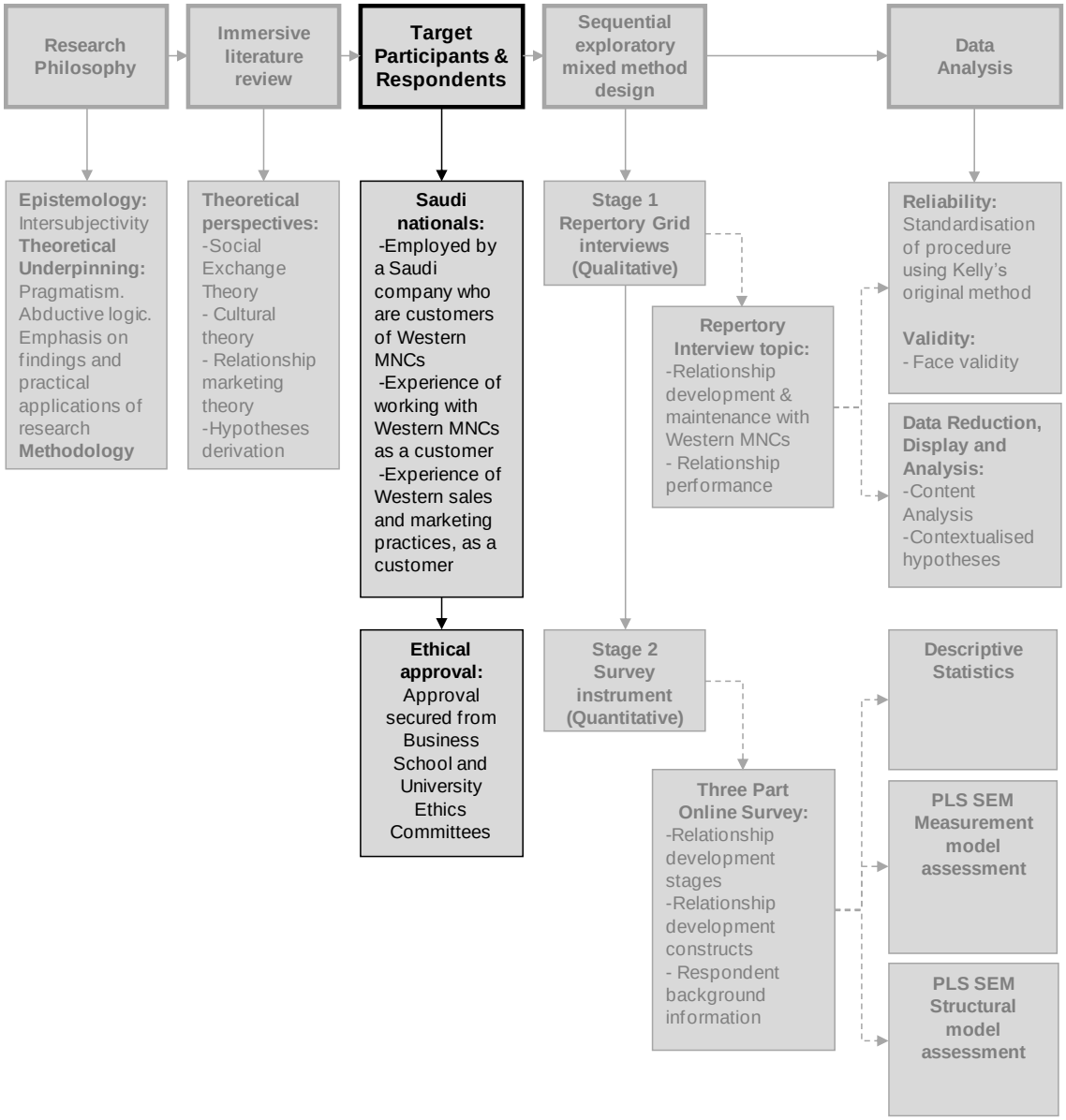


Figure 3.6: Summary of Research Design – target participants and respondents

The procedure for determining the target participants in the repertory grid interviews and respondents to the survey instrument is shown in Figure 3.7 below.

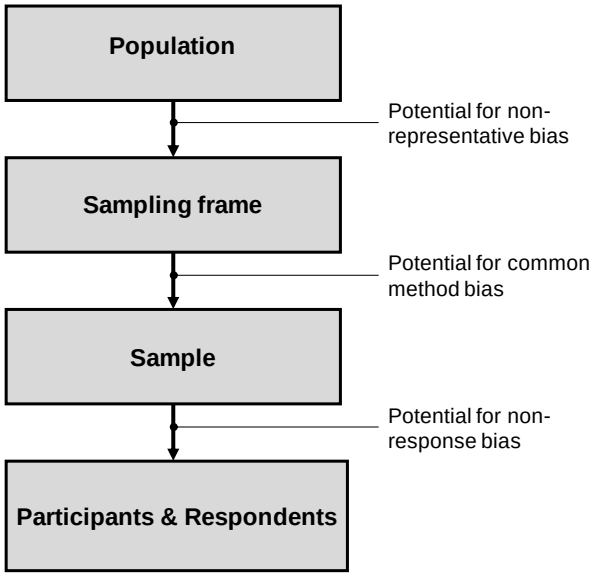


Figure 3.7: Procedure for establishing participants and respondents

The sampling approached used for this study was a single stage randomised stratified sampling method consistent with other similar marketing studies (Gravetter & Wallnau, 2009), see Appendix A3.1 for details of these studies. The randomised stratified sampling method necessitates that the attributes of the members of the target population are understood thereby enabling the population to be stratified first before selecting the sample (Fowler, 2009). Stratification in this context refers to the specific attributes of the individuals, for example, their seniority, role, experience and experience with Western MNCs and so on, are present in the sample such that it reflects the proportion in the wider population of individuals with these specific attributes. Stratification ensures that when randomly selecting people from a population, these attributes are present in the sample in the same proportions as in the population (Babbie, 2007). Fowler (2009) recommends that the determination of a sample size is governed by the analytical needs of the study (Fowler, 2009). For this study, the minimum sample size, consistent with the analytical aims of the study, was determined using the guidelines provided by Marcoulides & Saunders (2006).

The CRM system of the researcher's employer contains the details of 4,137 individuals that prima facie meet the criteria of the participant and respondent profile described below, while also representing eighty-five separate Saudi customer organisations. The total size of the target population corresponding to the number of individuals meeting the criteria of the profile described below is

estimated to be approximately 9,500. These individuals represent Saudi customer organisations across Government and public sector; oil and gas; telecommunications; utilities; consumer products and retail; financial services and insurance; and the industrial sector.

The profile of the ideal respondent and the estimated target population size were validated with a focus group of local experts two of whom have doctoral training. The selection of the individuals for the survey sample used the same criteria as the Stage 1 repertory grid interview research. Consistent with the adoption of a mixed method approach, as described in Section 3.1, the ideal profile of both the participants and respondents is described below:

- Volunteered to be part of the study
- A Saudi national;
- Excellent English language skills, obtained from both academic study and/or engagement with English speakers;
- At least a bachelor level degree qualification and ideally a post-graduate degree with some understanding of the research process by having completed an appropriate level of academic study;
- Employed within a major well established Saudi organisation that uses the services of Western MNCs. This can be Government/Public or Private Sector:
    - The Government/Public body should be a recognised Government body listed on the Saudi Government Portal or owned by the Saudi Public Investment Fund;
    - Private Sector companies should be either listed on the Saudi stock exchange or well established privately owned company;
    - Saudi subsidiaries of Western MNCs are to be excluded from the research;
- At least five years' exposure to, and experience of, Western MNCs in the capacity of a 'customer';
    - In the capacity of the customer can include formal roles such as a Procurement Manager and can also include Executive sponsor, Project Sponsor, Project Manager, IT Manager and other functional managers for whom a service is being delivered to them as the end-customer

- Ideally exposure and experience of multiple Western MNCs, sequentially or concurrently;
- Aware of being subject to selling, marketing and KAM/CRM practices of Western MNCs;
- Has experience of working through the full lifecycle of relationship development – from ‘awareness’ to ‘decline’ – with at least one Western MNC;
- Ideally, their experience is current, and they have relationships with Western MNCs in various stages of development/maturity.

This study was carried out with the approval of the Newcastle Business School Research Ethics Committee. Two ethical approvals were obtained, first on 10/02/2016, for the conducting of the repertory grid interviews and, second on 12/10/2016 for conducting a survey. Informed consent was obtained, in writing, from each repertory grid interview participant. Informed consent was also provided by the survey respondents, in agreeing to complete the survey.

No sensitive or confidential information was collected by the researcher from participants or respondents in this study. Also, no information was collected by the researcher, which could be used to identify individual participants or respondents. Actual responses collected from surveys were securely stored in an IT system, and coded data used for analysis is stored under password protection (accessible only to the researcher) within Northumbria University systems. As such, this study complies with provisions of the Data Protection Act (1998) and Northumbria University Guidelines for Ethical Research. No minors or NHS staff were involved in this study.

3.4 Sequential mixed method design

This subsection describes the data collection methods adopted in a pragmatic research setting, using a two-stage sequential mixed method approach, in collecting both qualitative and quantitative data through an abductive logic and an intersubjective relationship with the research process (Crotty, 1998; Morgan, 2007), as illustrated in Figure 3.8 below.

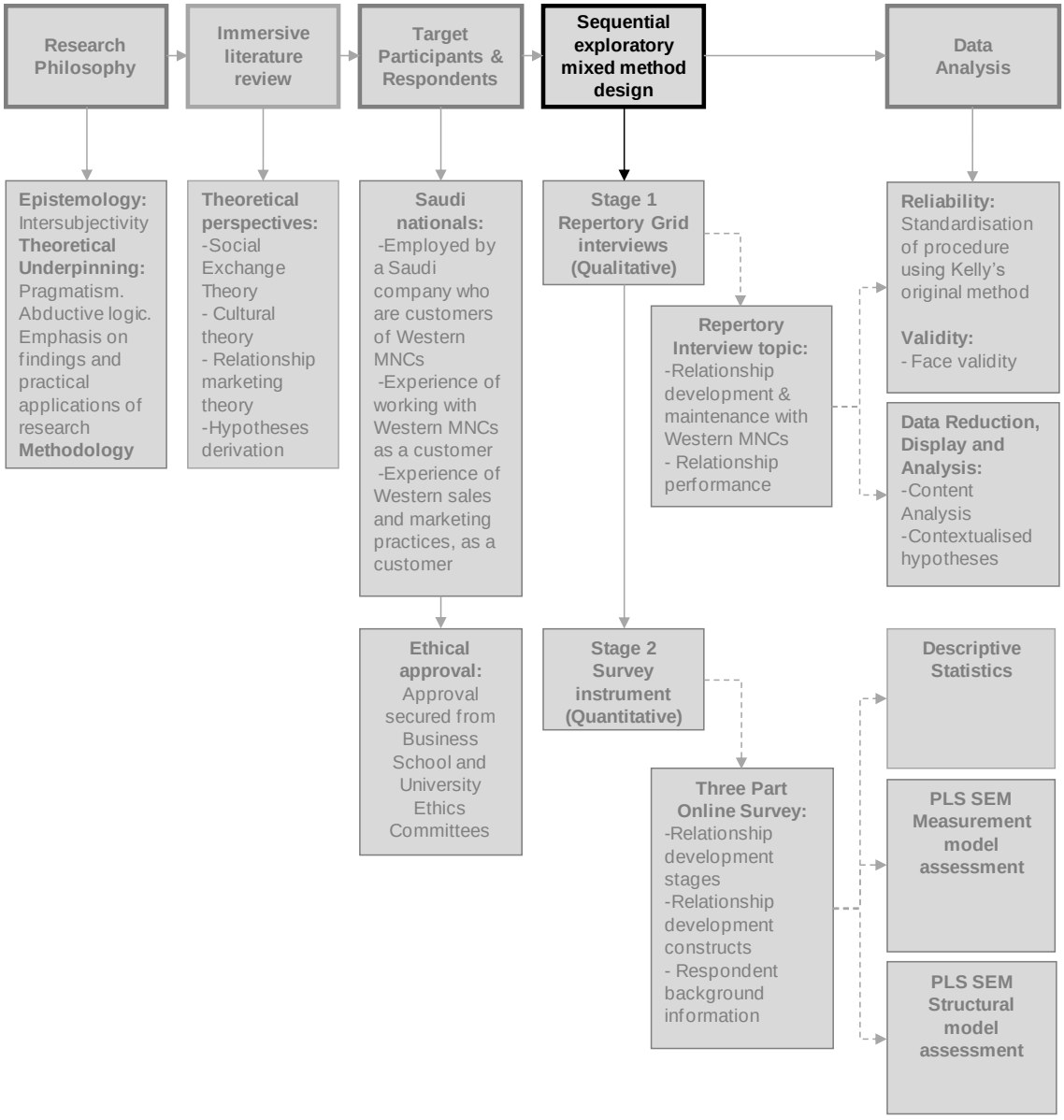


Figure 3.8: Summary of Research Design – sequential mixed method design

The methods most frequently used to collect qualitative and quantitative data are interviews and survey instruments respectively (Teddlie & Tashakkori, 2009). In the context of this sequential mixed method research design however, which also has a significant cultural component, the repertory grid technique has been used in '*Stage 1'* for collecting both qualitative and quantitative data

(Hair, et al, 2009; Ryan & O'Connor, 2009; Cunningham, 2010; Grill et al, 2011; Hunter & Beck, 2000; Tomico et al, 2009; Rogers & Ryals, 2010). The qualitative and quantitative data collected using the repertory grid method informed the design of the survey instrument and the selection and adoption of scale items for '*Stage 2'* of the research project in collecting quantitative data.

3.4.1 Stage 1 – Repertory Grid interviews

This subsection describes the repertory grid technique used in Stage 1 by first exploring its underlying theoretical basis followed by its structure and the process of applying it in a sequential exploratory mixed method research design context.

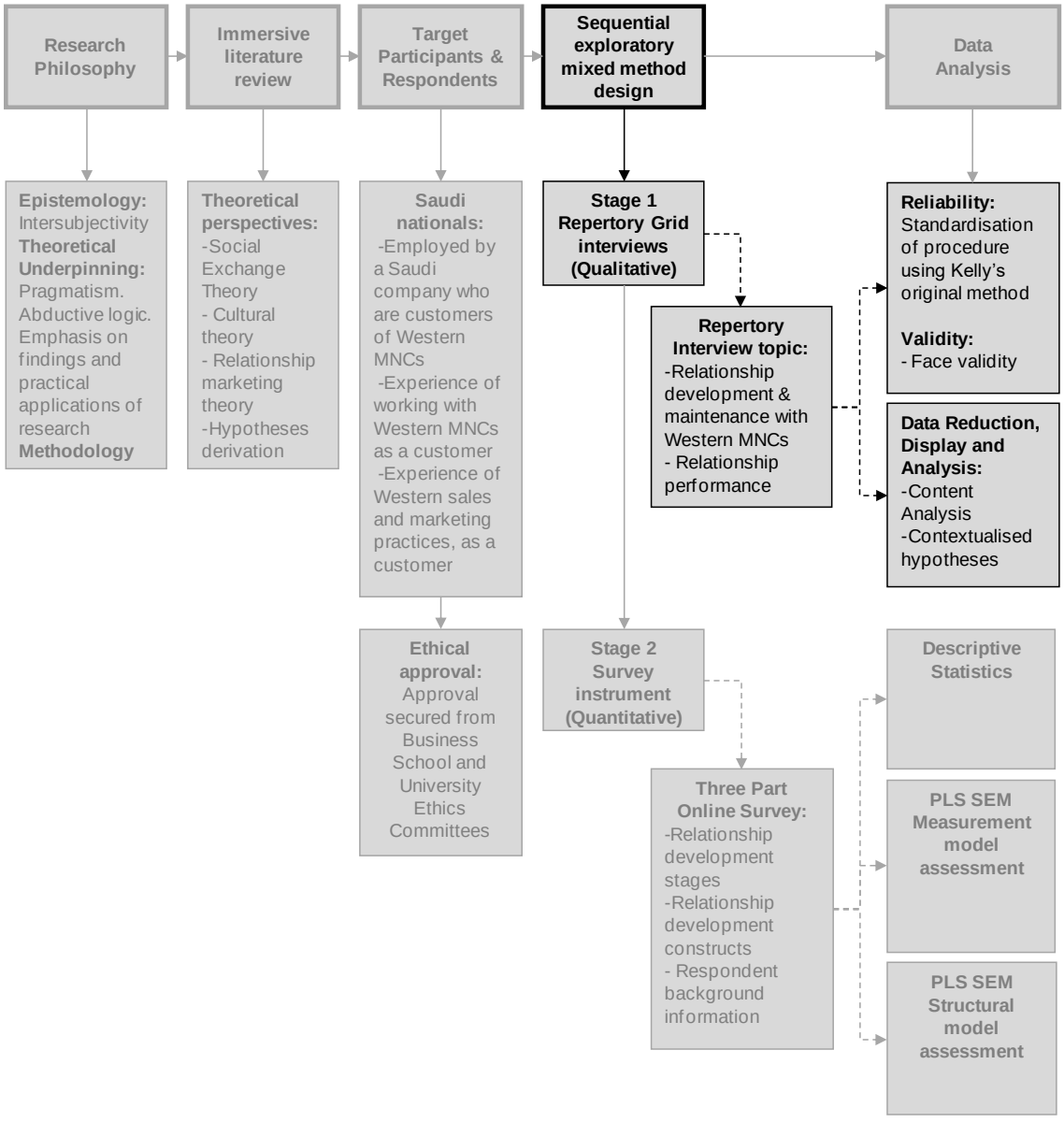


Figure 3.9: Summary of Research Design – repertory grid interviews

As explained above, the purpose of using repertory grid interviews for Stage 1 of the research design was to collect culturally relevant qualitative data to inform the design of a survey instrument, that is used in Stage 2 to collect quantitative data.

The repertory grid interview technique, devised by Kelly (1955), is an operationalisation of his personal construct psychology theory (PCPT) and has been described as the archetypal mixed method research instrument (Hair, et al, 2009; Cunningham, 2010; Grill et al, 2011; Rojon et al, 2016). A repertory grid is a research instrument used to reveal implicit constructs that individuals use to understand events and inform their decision-making (Jankowicz, 2004). It posits that individuals 'construe' things as '*similar to*' or 'different from' others. Construing, therefore, is an act of discriminating as opposed to thinking or feeling (Easterby-Smith et al., 1996). It is argued, therefore, that in the context of this study, instead of posing a question directly such as "*how do you create a B2B relationship?"* it has enabled questions to be asked about the factors that influence the relationship development process. In so doing rich qualitative data providing descriptive as well as value-based explanations have been obtained inductively. Given the significant cultural and language differences, this technique is judged to provide a more reliable analytical outcome than conventional depth interviews (Hunter & Beck, 2000; Tomico et al., 2009).

The focus of PCPT are the psychological processes used by individuals in making sense of their social and physical environments (Kelly, 1955; Fransella & Bannister, 2003; Fransella, 2005; Winter & Reed, 2015). PCPT argues that an individual understands the world around them as the result of an active and constructive process as opposed to a passive response to environmental factors (Ross & Nisbett, 1991). Significantly, however, PCPT suggests that this active understanding is achieved through the constructive process of contrast, described by Kelly (1955) as "*construing*". According to Banister et al. (1994, p. 89): "*Construing is not thinking or feeling but an act of discrimination that may take place at many levels of awareness, from intuitive thought to verbal, which then enables us to anticipate future events".*

Construing is, therefore, the combining of our senses and when we fail to make sense of the world around us, we experience emotions arising from this contrast (Burr & Butt, 1992). Psychologically, therefore, contrast is crucial in enabling

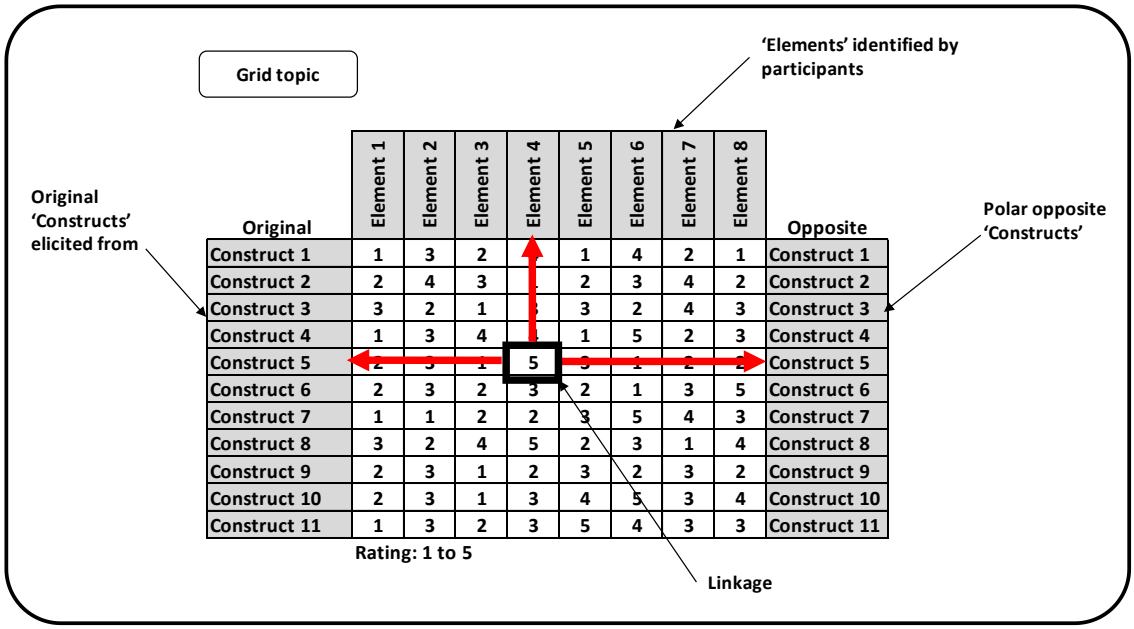
researchers to understand and clarifying an individual's subjective meanings (Duck, 1994). Consequently, semiotic theory posits that the meaning of a word (the signifier) is seldom created solely by the word or the phenomenon to which it refers (the signified), but by its polar opposite in the context of the language system from which it originates (Fransella & Bannister, 2003; Jankowicz, 2004; Winter & Reed, 2015).

PCPT also must be understood in the context of individual social construct systems (Dallos, 1992). Because of PCPT's is concerned with a person's subjective meanings, it is regarded as being solipsistic (Hunt, 1994). This criticism, however, fails to take account of the focus placed on shared, or intersubjective, meanings (O'Shaughnessy & Holbrook, 1988). PCPT theory ultimately rejects the criticism of solipsism because it argues that individuals are similar not only due to the identical experiences they share, but because their experiences are construed in a similar manner (Niemeyer, 1993). Even though people have different experiences, they form similar conclusions and develop similar interpretive maps of the world (Duck, 1994). A person's understanding and interpretation of their experience are shared because of their participation in a common social, cultural and language society (Hunter & Beck, 2000; Tomico et al., 2009; Berger & Luckmann, 1971).

In summary, the PCPT assumptions augment and help focus on the construction of meaning (construing), the nature of individual and shared meanings (bipolar construct) and its support for mixed methods of inquiry (Easterby-Smith et al, 1996; Marsden & Littler, 2000; Hair, et al, 2009; Ryan & O'Connor, 2009; Cunningham, 2010; Grill et al, 2011; Rojon et al, 2016; Winter & Reed, 2015). The following section describes how PCPT translates into the guidelines for adopting the repertory grid instrument in a sequential mixed methods research setting.

3.4.2 The structure and process of repertory grid interviews

A completed repertory grid consists of four main components, namely: the grid topic; elements; constructs and linkages (Jankowicz, 2004). The typical layout of a completed grid is provided in Figure 3.10 below.



Original	Element 1	Element 2	Element 3	Element 4	Element 5	Element 6	Element 7	Element 8	Opposite
Construct 1	1	3	2		1	4	2	1	Construct 1
Construct 2	2	4	3		2	3	4	2	Construct 2
Construct 3	3	2	1		3	2	4	3	Construct 3
Construct 4	1	3	4		1	5	2	3	Construct 4
Construct 5				5					Construct 5
Construct 6	2	3	2	3	2	1	3	5	Construct 6
Construct 7	1	1	2	2	3	5	4	3	Construct 7
Construct 8	3	2	4	5	2	3	1	4	Construct 8
Construct 9	2	3	1	2	3	2	3	2	Construct 9
Construct 10	2	3	1	3	4	5	3	4	Construct 10
Construct 11	1	3	2	3	5	4	3	3	Construct 11

Figure 3.10: Example Repertory Grid

The grid **topic** is derived directly from the research objectives and frames the discussion and the elicitation of both the elements and constructs (Jankowicz, 2004). An '**element**' is an exemplar, example, sample, instance or occurrence within a context or topic (Jankowicz, 2004). Elements can be anything that is related to the research objectives (Jankowicz, 2004; Fransella, 2005), and can include organisations, jobs, products or people. The elements must relate directly to the grid topic. According to seminal writer Kelly (1955), **'constructs'** are mental patterns created by people for making sense of surrounding phenomena. The **'linkage'** is how an element is described in relation to a construct (Jankowicz, 2004). Linkages can use a ranking mechanism, where elements are ranked ordered in relation to their associated with the poles of each construct (Fransella & Banister, 2003). Linking also uses a rating mechanism in which each element is given a score against each construct in the grid (Fransella, 2005). Dichotomising is another option where elements are assigned to either the right or left pole of each construct (Tan & Hunter, 2002).

Developing a repertory grid follows a six-step process (Jankowicz, 2004, Rogers & Ryals, 2007; Winter & Reed, 2015) namely: 1) define the topic; 2) select the elements; 3) elicit the constructs 4) linking; 5) Gird aggregation, and 6) analysis of the resulting repertory grids.

The overall process of a repertory grid interview and the options available at each step are illustrated in Figure 3.11 and discussed below.

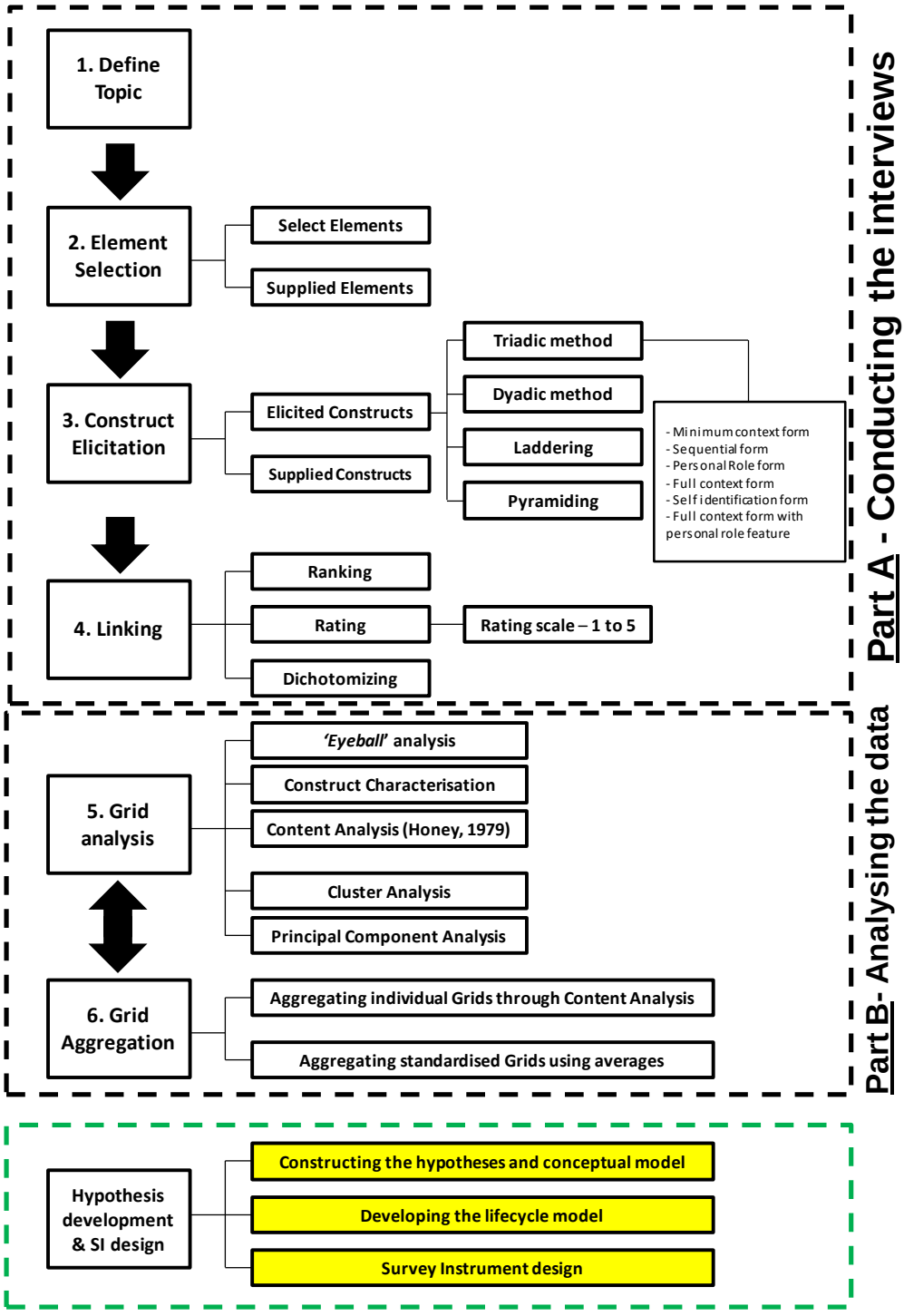


Figure 3.11: Repertory grid process and options at each step

The ***first*** step in the process is to define the specific topic for which the repertory grid will be created. The topic must be clearly specified, documented and be visible to the participants throughout (Jankowicz, 2004; Winter & Reed, 2015). In the context of this study, the topic is "*Relationships with Western MNCs*".

The ***second*** step involves selecting elements directly related to the grid topic (Jankowicz, 2004), and for this study, the elements are the names of "*Western MNCs*" with whom the participants have a relationship. The elements can be either obtained from the participant or provided by the researcher (Fransella & Bannister, 2003; Jankowicz, 2004; Rogers & Ryals, 2007). Rogers and Ryals (2007) elicited the elements, in research of key account relationships, by asking the participants to give three examples of effective, non-effective and average relationships from their experience as KA Managers. While in some limited cases it may be appropriate to supply elements, instead of eliciting them from participants, this is not considered appropriate for this study (Winter & Reed, 2015). It could not be guaranteed in advance that all participants had experience of working with the same Western MNCs.

The ***third*** step involves the elicitation of constructs. (Easterby-Smith et al., 1996; Jankowicz, 2004; Fransella, 2005). Construct elicitation can be performed in many ways (Jankowicz, 2004; Fransella, 2005; Winter & Reed, 2015). Construct elicitation methods include the triadic method, by dyads of elements, or self-characterisation (Fransella & Bannister, 1977). The classical method of elicitation, proposed by Kelly (1955), and used in this study uses the triadic method of elicitation in the form of the minimum context card method (Fransella & Bannister, 1977). Being the most widely used method, it was adopted in this study to ensure consistency with Kelly's original concept (Kelly, 1955 & 1991; Marsden & Littler, 2000; Jankowicz, 2004; Winter & Reed, 2015).

The ***fourth*** step is that of *'linking'* (Jankowicz, 2004; Fransella, 2005). Linking is usually achieved by either ranking, rating or dichotomising (Tan & Hunter, 2002). The ranking methods ask participants to rank order elements for each construct. The participants adopt a scale corresponding to the number of elements (Winter & Reed, 2015). Rating assigns a score to each element across the constructs (Jankowicz, 2004). Jankowicz (2004) notes that larger scales enable greater differentiation between the elements, but can also be

more difficult to use for the participant. With dichotomising, the participant is asked to sort all elements into either of the two contrasting poles of each construct. Consistent with the method used by Rogers & Ryals (2007), this study adopted a 5-point Likert rating scale to enable differentiation between the elements while also avoiding the process becoming too onerous and arduous for the participants (Jankowicz (2004; Rogers & Ryals, 2007; Winter & Reed, 2015).

Step ***five*** is concerned with the analysis of the individual grids, using both qualitative and quantitative methods. The qualitative techniques include '***Eyeball***' analysis (Jankowicz, 2004). This is often the initial qualitative analysis carried out by the researcher and involves visual inspection of the completed grid and asking basic questions: What is the participant thinking about? How have they represented that topic? How do they think (Constructs)? What do they think (Elements)? Is there an obvious pattern in the ratings? What can be inferred from their responses to the laddering and pyramiding questions? This analysis is very close to the original process and intent envisaged by Kelly (1955 & 1991). Eyeball analysis is an immersive qualitative process of delving deeply into the data elicited from the participants in understanding their constructs (Jankowicz, 2004; Winter & Reed, 2015). The completed individual grids are then subject to Content Analysis (Krippendorf, 2004; Jankowicz, 2004; Rogers & Ryals, 2007; Winter & Reed, 2015). Content Analysis is used to group and categorise the constructs elicited from the participants according to the meaning they provide (Holsti, 1968). The groupings and categories, are obtained either directly from constructs, by systematic analysis to identify the themes contained therein; a technique referred to as 'bootstrapping' (Holsti, 1968; Neuendorf, 2002): or from a standard category system obtained from extant research and literature: or described within extant theory (Hisrich & Jankowicz, 1990).

The quantitative data provided by the individual grids are analysed using Cluster Analysis and Principle Component Analysis (Jankowicz, 2004; Fransella, 2005; Rogers & Ryals, 2007; Winter & Reed, 2015). ***Cluster Analysis*** highlights the statistical relationships of the constructs and elements in a grid, which are then clustered according to their similarity (Jankowicz, 2004; Fransella, 2005). The clusters contain constructs and elements that are similar

to each other while also being distinct from the other elements and constructs (Jankowicz, 2004; Fransella, 2005; Winter & Reed, 2015). The results of the cluster analysis are typically presented in a dendrogram that graphically displays the relationships between adjacent constructs (Jankowicz, 2004; Fransella, 2005; Winter & Reed, 2015).

Principal Component Analysis is a statistical technique used to identify distinct patterns of variance in a repertory grid by considering the correlation of ratings for each column and row of the grid (Field, 2009). The correlations describing the largest variance becomes Principal Component 1, with the second becoming Principal Component 2, and so on until the cumulative value of the variance described by all of the Principal Components reaches 80%. The output is useful in identifying '*what needs to change'* in moving from a current state to an ideal state (Jankowicz, 2004). The results of this analysis are presented graphically, with the principal components displayed as the X and Y axes of the graph set at right angles to each other because they represent the maximally distinct patterns in the data (Field, 2009). The constructs are shown as straight lines, and the angle between the construct lines and the principal component axis illustrates the respective correlations with the smaller the angle implying a higher degree of correlation (Field, 2009). The length of the straight lines represents the amount of variance in the rating of a specific construct, the longer the line, the greater the degree of variance.

Jankowicz (2004), however, cautions strongly against the overuse of quantitative analysis and the methods and tools that facilitate it in the analysis of data elicited from repertory grid interviews. This is because the underlying meaning that the repertory grid technique is intended to uncover can become lost in abstract quantitative analysis (Jankowicz, 2004), and thereby deviate from the philosophical underpinning provided by person construct psychology theory (Jankowicz, 2004).

Step **six** is concerned with the aggregation of the eleven individual grids, again using content analysis, to provide a meta-perspective (Rogers & Ryals, 2007). To aggregate individual grids all constructs, need to be content-analysed and allocated to appropriate themes and categories before analysis can commence (Jankowicz, 2004). The content analysis is conducted using both qualitative and quantitative techniques in deriving the most significant relationship development

constructs, of which commitment and trust are examples. Initially, the qualitative analysis is used to identify and aggregate common themes and ultimately elevate them to categories (Holsti, 1968; Neuendorf, 2002).

Construct characterisation is described by Jankowicz (2004, P88) as being: *"the most important technique for analysing more than one grid"* (Jankowicz, 2004, P88). Construct characterisation is a systematic approach to analysing the elicited constructs to determine their type, for example, core versus peripheral; propositional versus constellation; constructs used pre-emptively; or whether they are affective, behavioural, evaluative, or attributive. It assists in indicating how a group of people construe a topic of common interest, and by implication, how the individuals within this group compared with each other (Winter & Reed, 2015).

The repertory grid technique avoids the criticism frequently at interpretive research methods relating to adherence to the '*incompatibility thesis*' (Guba 1987; Sale et al., 2002; Teddlie & Tashakkori, 2010). Increasingly it is acknowledged that qualitative and quantitative data and methods are supplementary when used in the research process. The benefit of the repertory grid instrument is that it combines the virtues of both paradigms. It enables the assessment of personal experience, involving quantification while also, in parallel, leaving intact the person's phenomenological world described using personal constructs and their evaluation of them using the repertory grid technique (Hall, 1983).

The repertory grid instrument enables an individualised approach for participants considering their personality, affective and cognitive characteristics (Smith, 1980). Other research instruments are criticised on the grounds of reliability and validity. For example, a Likert-type fixed choice survey instrument uses questions with predetermined attributes, which are criticised in the extant literature for limiting the participant's choice with no opportunity for open dialogue (Hankinson, 2004). The use of depth interviews partly addresses this problem in providing participants with an opportunity for expressing their views, but does not address the interviewer's bias problem, nor can it access the underlying reality (Rogers & Ryals, 2006). As a result, the way the questions are presented can significantly influence the answers provided by the participant. The repertory grid technique avoids many of the problems described

above using the process of construct elicitation, as this minimises interviewer's influence on the participant (Rogers & Ryals, 2007).

3.4.3 Advantages and disadvantages of repertory grid interviews

The '*social desirability effect'* (Zerbe & Paulhus, 1987; Fisher,1993) whereby respondents or participants give responses they consider to be expected of them, or that are acceptable as answers to a well-recognised and often cited problem (Maccoby & Maccoby 1954; Zerbe & Paulhus, 1987; Fisher 1993). The risk of respondents, or participants, providing answers that may be considered as social desirability, is important in the context of this study given the significant cultural distance between the researcher and participants. The repertory grid technique minimises this risk from the outset. The process of elicitation requires the participants to use abstract thinking ability to discriminate. This has the dual benefit of minimising researcher influence while also enabling the researcher to delve into the underlying levels of the participants' thinking processes (Rogers & Ryals, 2007).

A potential limitation of the repertory grid technique is that relating to the replicability of the research and the difficulty of conducting a retest (Rogers & Ryals, 2007). This problem arises because personal construct systems are constantly changing as an individual learns and develops from their experiences (Kelly, 1955). Kelly assumed that people are future-oriented, and act now in accordance with their expectations of future events. Therefore, as individuals acquire new experiences, they alter their construct preferences enabling them to achieve greater precision in their ability to forecast future circumstances. Consequently, even where the same test is used on the same individual, in different time periods, it is very likely to create a different outcome due to personnel changes making replicating the study difficult if not impossible (Marsden & Littler 1998; Rogers & Ryals, 2007).

Another potential limitation occurs at the point of data aggregation. As discussed above, an individual's construction of events will vary, and even when constructs are similar, the people who share them often arrive at these similar constructs through very different experiences. The aggregation of repertory grid data may, therefore, lead to a distortion of our understanding of the underlying construct (Katz., 1984; Jankowicz., 2004). Aggregating constructs into categories, elicited from different people, can give rise to

researcher bias in the aggregation phase. However, this can be mitigated by multiple researchers working on the aggregation of the constructs (Marsden & Littler, 1998; Jankowicz, 2004).

A practical constraint of the repertory grid technique is that it can be time-consuming and pedantic in its application (Easterby-Smith et al. 1996). A consequence of this can be that participants become frustrated losing patience and focus during the process (Aranda & Finch, 2003; Rogers & Ryals, 2007). As a result, the use of the repertory grid technique for larger samples becomes disproportionately time-consuming and potentially prohibitively expensive (Hankinson, 2004). Also, the repertory grid technique requires researchers that are experienced and skilled, which limits its application (Sampson, 1972; Rogers & Ryals, 2007).

3.4.4 Stage 1 - Repertory grid method adopted for this study

Figure 3.12 below illustrates the repertory grid process adopted for this study together with the procedural options chosen (highlighted in yellow).

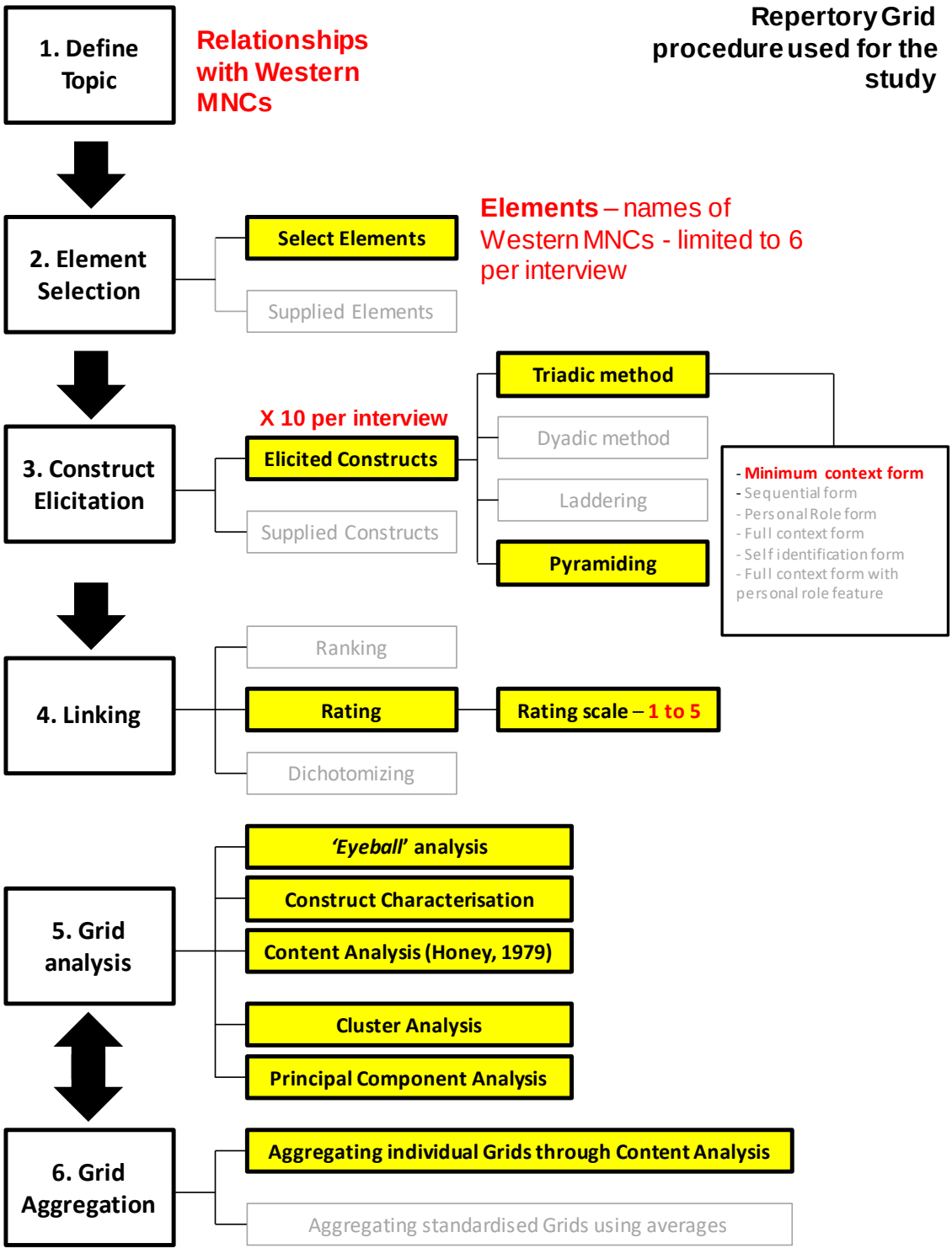


Figure 3.12: Repertory grid process adopted for this study

This Section describes the detailed procedure used in the development of the repertory grids. Figure 3.12 above illustrates the six-step process used in this

study together with the choices made at each step of the process (highlighted in yellow), in completing the eleven repertory grids with the 26 participants (Jankowicz, 2004, Rogers & Ryals, 2007; Winter & Reed, 2015), as follows:

Step 1) Define the topic

The specific topic used to frame the repertory grid interviews was the important attributes that exist in relationships between the participants, in their role as a customer in a major Saudi company, and Western MNC suppliers.

Step 2) Selection of elements to be used in the grid

The participants were asked to select the names of Western MNC suppliers, as the elements of the grid, choosing three that they considered being positive relationships and three non-positive or difficult relationships that they had significant first-hand knowledge and experience of (Rogers & Ryals, 2007).

Step 3) Elicitation of the constructs

The triadic method using the minimum context form, as described above, was used to elicit ten constructs per repertory grid interview. These ten constructs were elaborated further using the pyramiding down technique (Rogers & Ryals, 2007). The pyramiding down technique was used as a method of asking probing questions to obtain more detail and elicit the meaning of the underlying attributes of the elicited constructs. The pyramiding technique is illustrated in Figure 3.13 below.

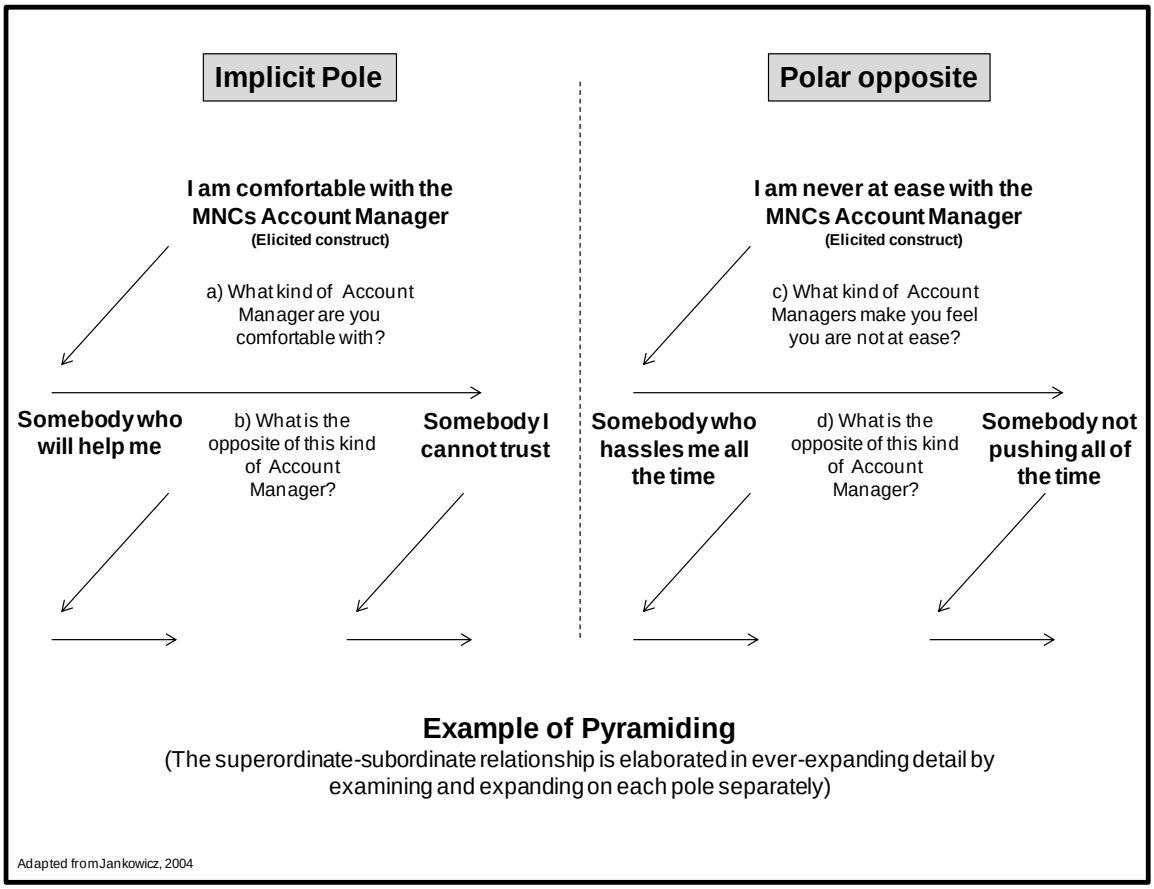


Figure 3.13: Example of the pyramiding technique

Step 4) Linking the elements and constructs

The participants rated the elements against the constructs using a five-point Likert scale. A rating of 1 indicates that the relationship of the construct associated with the Western MNC supplier (the element) is most like the explicit pole, whereas a rating of 5 would indicate it is most like the polar opposite. Ratings of 2, 3 and 4 occupy correspondingly intermediate positions in the Likert rating scale (Rogers & Ryals, 2007).

Step 5) Analysis of the resulting completed repertory grids

Analysis of the completed grids occurred at two levels. First, the individually completed grids were analysed using the procedure described in Step 5a below. The individual grids were then aggregated to provide a meta-perspective using the procedure described in Step 5b below (Honey, 1979; Marsden & Littler 1998; Jankowicz, 2004, Rogers & Ryals, 2007; Winter & Reed, 2015).

Step 5a) Analysis of the individual grids

'*Eyeball*' analysis was used as a preliminary technique, before the use of other techniques, as a means of understanding what and how the participants think

(Jankowicz, 2004). The completed individual grids were reviewed while asking the following questions of the grid and data:

- What is the participant thinking about?
- How has the participant represented the topic?
- How does the participant think: what are the constructs?
- What does the participant think: how have the elements been rated on the constructs?

'Construct Characterisation' is a systematic approach to analysing the elicited constructs to determine their type, for example, core versus peripheral; propositional versus constellatory; constructs used pre-emptively; affective, behavioural, evaluative, or attributional constructs. Jankowicz (2004) argues that construct characterisation is an important part of the analysis routine for repertory grids (Jankowicz, 2004). It high lights the proportion of certain types of construct which may, in turn, be may be significant in and of itself in the context of the research aims of this study. The following steps were followed in conducting the construct characterisation, as described by Jankowicz (2004).

Constructs that appeared to have a particular characteristic were identified;

1) The proportion of constructs with the same characteristic were assessed from across the grid;
2) The significance of this proportion was determined, in the context of the completed grid;
3) Relationships within the grid were examined: how do these constructs relate to other constructs?

'*Content Analysis'* was carried out using Honey's (1979) procedure, adapted for this study, as the main categorisation procedure. Honey's procedure was used initially for the individual grids and as the means for aggregating the individual grids in providing a meta-perspective as described in Step 5b below. Honey's adapted procedure used in this study is summarised in Appendix A3.2.

'*Cluster Analysis'* was performed on the completed individual grids using the ***OpenRepGrid*** analysis tool (http://openrepgrid.org/#projects). The results provided by the ***OpenRepGrid*** analysis tool comprised of separate dendrograms for both the constructs and elements. The dendrogram for the elicited constructs and elements were reviewed as follows:

1) Note was taken of how the constructs and elements were reordered in the respective dendrograms;
2) The shape of the dendrogram was considered for both the construct and elements;
3) Familiarities and differences between the constructs and elements were identified;
4) Analysis of the differences was carried out;
5) The highest similarity scores were identified;
6) The remaining scores were examined.

'*Principal Component'* Analysis was performed on the completed individual grids using the ***OpenRepGrid*** analysis tool (http://openrepgrid.org/#projects).

Step 5b) Aggregating of the individual grids to create a meta-perspective

The data from the individual grids were aggregated using Honey's content analysis procedure described in Appendix A3.2.

Pilot repertory grid interview

Before formally embarking on the repertory grid interviews, a pilot interview was conducted with three participants, two of whom had doctoral training. The main observation and points of learning that emerged from the pilot was as follows:

- At nearly 2.5 hours, it was far too long and exhausting for everybody involved, and not sustainable in the current format. The duration of the interview needs to be contained to approaching one hour, and this can be achieved by limiting the number of Elements chosen and limiting the number of Constructs to be elicited.
- The procedure also needs some refinement. The triadic process needs to be more straightforward to understand and the pyramiding process to sharper and more rapid. There is value in letting the participants talk, as long as the time is managed.
- Using the electrostatic film, in a workshop setting, with post-it notes is not ideal, but may work better with a small group. For single participants using an A4 table/grid is likely to be more effective and more intimate.
- No particular surprises in the choice of Elements. Most of the usual suspects were identified.

- Pleasantly surprised by the candour in eliciting the constructs and subsequent qualitative process. The superordinate – subordinate relationship between constructs was described by the participants in increasingly specific ways of expressing these constructs and thereby their underlying thoughts.

The key learning from the pilot exercise was as follows:

- Use of the RGI technique is appropriate and the participants engaged well, and the outcome feels rich.
- Need to reduce the time of the session by restricting the number of Elements and Constructs (see Rogers and Ryals, 2007).
- Consider how to make the eliciting of the constructs slicker, while retaining the triading process. Also consider using an A4 printed RG, as opposed to the electrostatic film and post-it notes.

3.4.5 Stage 2 - Survey instrument

This subsection describes the survey instrument designed, tested and deployed in stage 2 of the sequential mixed method research process adopted for this study. This is achieved by first exploring its underlying theoretical basis followed by its structure and the process of applying it in this sequential mixed method research design context.

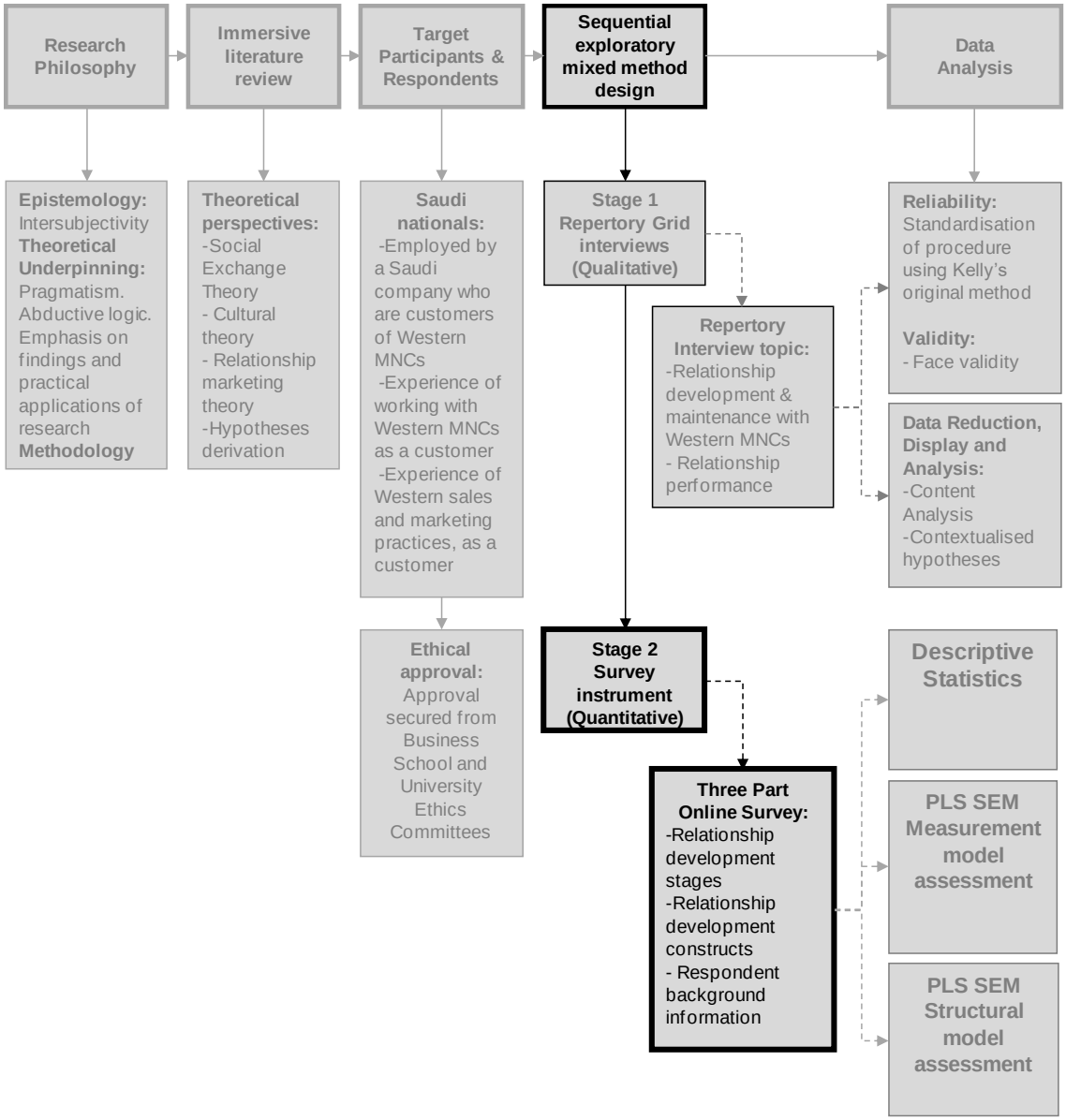


Figure 3.14: Summary of Research Design – Stage 2 survey instrument

Survey instrument

The use of a survey is very common quantitative data collection strategy in empirical business and management research (Baruch & Holtom, 2007). It enables researchers to collect quantitative data which is then analysed quantitatively using descriptive and inferential statistical techniques (Creswell, 2014). Also, the quantitative data collected can provide potential explanations for the presence of relationships between constructs and to produce models, whether causal or predictive, of these relationships using structural equation modelling (Hair et al., 2014). The adoption of a survey instrument provides the researcher with greater control over the research process and, when a sampling method is used as discussed above, it is feasible to produce findings that are representative of a whole population. This is beneficial as it more feasible, convenient, and lower cost than collecting all the data relating to the whole population (Fowler, 2009).

A range of data collection instruments are available to researchers when using a survey strategy (Cresswell, 2014). These include: *'Structured observation'*, used most frequently in empirical organisation and methods research; *'Structured interviews*', where standardised questions are asked of participants who may or may not be physically present, and the most commonly cited survey instrument for collecting quantitative data is through the use of a *'questionnaire'* (Bryman, 2012).

The design of a survey instrument differs according to how it will be delivered, returned or collected together with the degree of direct contact the researcher will have with the respondent (Fowler, 2009). The different types of survey instrument are illustrated in Figure 3.15 below and fall into two categories. '*Self-completed'* questionnaires completed by the respondent and can be distributed electronically using a web-based platform such as Qualitrics© (Web-based), sent to respondents who return them after completion of postal services (postal), or delivered by hand to each respondent and collected later (drop-off and collection) (Dillman et al, 2014). *'Interviewer-completed'* questionnaires in which the researcher records the respondent's answers (Dillman et al., 2014). Questionnaires used by researchers who physically meet respondents face-to-face to ask questions are defined as *'structured interviews'*. These differ from semi-structured and unstructured in-depth interviews in that a defined set of

questions, from which the researcher does not deviate, is used for the interview. The final category, undertaken using the telephone is known as telephone questionnaires. These are completed in a similar manner to the structured interview but over the telephone and therefore without physical contact (Dillman et al., 2014).

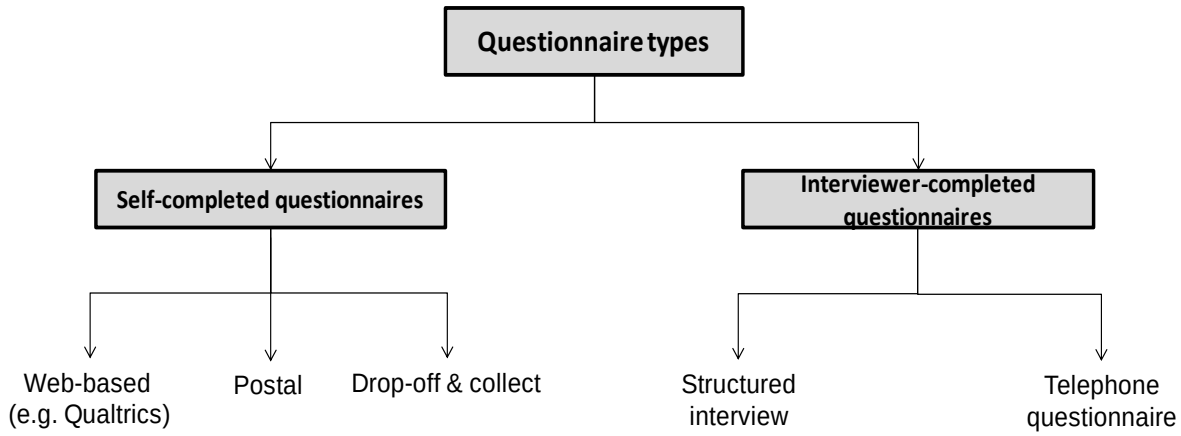


Figure 3.15: Types of questionnaire (adapted from Dillman et al., 2014)

Purpose of using the survey instrument

Typically, the purpose of using a survey instrument is referred to above in that is to generalise from a sample to a population so that inferences can be made about some characteristic, attitude, or behaviour of this population (Creswell, 2014; Dillman et al., 2014). The primary aim in using the survey instrument in this second stage of this sequential mixed method study was to collect quantitative data to test the hypothesised relationships between the constructs derived and refined in stage one of this study.

Survey instrument design considerations

The first decision that needed to be made in designing the survey instrument was to decide whether to conduct a cross-sectional study or a survey using a single-organisation (Dowell et al., 2015). The cross-sectional study would require engaging with a wide range of respondents from many Saudi customer organisations, who may represent one or a few respondents per organisation.

In contrast, a single organisation, or a study limited to a small number of organisations; each would be required to provide many respondents for the survey to be efficacious. As explained in Chapter 1, the process of relationship development in an international cross-cultural B2B relationship marketing

context is significantly under-researched (Usunier, 1988; Bagozzi, 1994; Craig & Douglas, 2000; Samiee & Walters, 2003; Abosag et al., 2006).

Furthermore, the cross-cultural validation of marketing models is rarer still (Craig & Douglas, 2000; Samiee & Walters, 2003). There is also a dearth of research in the specific context of Saudi Arabia (Abosag et al., 2006; Ali, 2009). The limited numbers of relevant cross-cultural empirical studies found in the extant literature all use a cross-sectional approach (Rodriguez & Wilson, 2002; Zabkar & Brencic, 2004; Abosag et al., 2006). Other highly relevant empirical studies that address the variance in the importance of relationship development constructs throughout the relationship development lifecycle also use a cross-sectional approach, albeit in a monocultural context (Jap & Ganesan, 2000; Terawatanavong et al., 2007; Claycomb & Frankwick, 2010; Dowell et al., 2015).

In addition to the limited guidance provided by the extant literature, there were some practical considerations and constraints to address. Typically, business research involving senior and executive level management uses a cross-sectional approach to surveys (Anatsova, 2007). This is largely a consequence of adopting an approach that requires less of their time and effort and is, therefore, more likely to be successful in getting some of their attention. Also, single-organisation surveys are often not feasible because of the relatively small number of senior managers, resulting in an insufficiently small sample size (Anatsova, 2007). In consideration of the limited guidance provided by the extant literature and in addressing the practical constraints described above, a cross-sectional approach to the use of the survey instrument was adopted.

The second decision that needed to be made in designing the survey instrument was to decide whether to focus the survey instrument responses by the respondents, on a single relationship with a Western MNC supplier or to elicit a generic response (Dowell et al., 2015). The highly relevant empirical studies, described above, addressing the variance in the importance of relationship development constructs throughout the relationship development lifecycle all use a single supplier relationship perspective (Jap & Ganesan, 2000; Terawatanavong et al., 2007; Claycomb & Frankwick, 2010; Dowell et al., 2015). Asking the respondent to focus on a single relationship ensures that their responses are anchored in tangible, relevant and recent/current and consistent

experience (Dowell et al., 2015). An approach requesting a generic response is not supported by the extant literature and may lead to inconsistency in the responses provided. In consideration of the above, this study has adopted a single relationship perspective.

Third, whether the survey instrument statements should follow a predominantly '*respondent'* as opposed to an '*informant*' approach, in that the respondents evaluate their attitudes and beliefs as opposed to those of the Western MNC (Van der Vegt & Bunderson, 2005). A Saudi customer (respondent) perspective of what is important in the buyer-seller relationship development process was adopted for this study.

The Fourth major consideration related to the method of deployment of the survey instrument as discussed above. The three methods used were web-based using Qualtrics©; drop-off and collect and structured interview, the application of which is described below.

Survey instrument development

The survey instrument consists of a three-part multiple-item survey. To ensure the reliability and validity of the data collected, the survey instrument was developed in stages, in accordance with seminal guidelines provided in the extant literature (Churchill, 1979; Venkatraman & Grant, 1986; Brace, 2013; Dillman et al., 2014).

An abductive approach was used in the development of survey instrument scales and measures by systematically combining theory and practice (Dubois & Gadde, 2002). The initial activity involved reviewing the extant literature with a specific focus on existing pre-validated scales used in previous relevant empirical research. As such, extant research was in constant dialectical comparison with empirical' insights (Storbacka, 2011), thus mitigating for the lack of established measures in a Saudi context. The content analysis of the repertory grid interviews conducted in Stage 1 of this study identified the relevant relationship development constructs to focus this activity and provided the means with which to adapt the pre-validated scales from the extant literature, to the context of this study. The scale items used to measure the proposed constructs were further adapted to fit the researched context using the feedback from the face validity test. For example, the pre-validated scales

would refer to ‘Salesman’. Guidance obtained from the face validity test recommended changing this to Account Manager because the term ‘Salesman’ can have pejorative connotations.

Churchill’s (1979) seminal research relating to the development of measures of marketing constructs also describes the creation and altering of items in the development of a survey instrument. Inherent in Churchill’s work is the process of judging survey items for face and content validity (Churchill, 1979). According to Nunnally and Bernstein (1994), content validity is defined as the extent to which a measure’s scale items are fully representative of a sample of the theoretical content domain of the construct. In ensuring that content validity criteria are met by the initial pool of scale items, face validity must be established (Nunnally & Bernstein, 1994).

Face validity testing of the completed first draft of the survey instrument was conducted with a focus group of local Saudi experts, two of whom have doctoral training. Nunnally & Bernstein (1994), define face validity as the extent to which a measure reflects what it is intended to measure (Nunnally & Bernstein, 1994). Similarly, other academics (Allen & Yen, 1979; Anastasi, 1988), describe face validity as the extent to which respondents concur that the scale items of a survey instrument are relevant for the targeted construct and overall assessment objectives (Allen & Yen, 1979; Anastasi, 1988).

The extant literature describes the determining of face validity as involving a mixture of different judgmental procedures and approaches, often including the use of an expert panel or focus group (Hardesty & Bearden, 2004). The members of the expert focus group are exposed to the survey instrument items and asked to evaluate the degree to which items are representative of a construct’s conceptual definition (Bearden & Netemeyer, 1999; Hardesty & Bearden, 2004). In the context of this study, a two-part procedure was adopted (Hardesty & Bearden, 2004). First, the focus group members reviewed the flow and structure of the survey instrument. This was followed by an evaluation of the language used in constructing the survey instrument, and its comprehensibility to potential Saudi respondents. This involved the focus group members reading the text of the survey instrument aloud, in both English and Arabic, and recommending changes to the words used. The second part of the procedure used a variant of the approach used by seminal academic

Zaichkowsky (1985), in which the scale items of the survey instrument was rated by the focus group members as either '*completely representative',* '*somewhat representative'*, or '*not representative'* of the related constructs, using the Sumscore decision rule (Lichtenstein et al., 1990; Sharma et al., 1990). The Sumscore decision rule is defined as the total score for an item provided by all of the focus group members (Sharma et al., 1990), where 3 points were given for a '*completely representative'* judgement; 2 points for a '*somewhat representative'* judgement and 1 point for a '*not representative'* judgement. The results indicated that all the scale items were adequately representative of the relevant constructs.

The survey instrument was developed and deployed in the English language only. This was based on a recommendation from the validity focus group, and who based their advice on the difficulty of translating the terms between English and Arabic with sufficient accuracy. This is especially important as a lot of English business terms and language do not have a comparable Arabic equivalent word.

Because of the face validity testing, some changes were made to the survey instrument. These included adjusting the structure, and overall flow of the survey instrument, the removal of sub-headings for each of the scale item constructs together with the rewording of some scale item statements to improve comprehension. The final version of the survey instrument is included in Appendix A3.3.

The design of the survey instrument is consistent with Dillman et al.'s (2014) guidelines for constructing survey instruments. The first section contains a short introductory section describing the context for this study together with guidance for respondents in completing the survey. Ethical considerations are also addressed in this first section in providing assurance that all responses will be treated confidentially and respondents will remain anonymous. The main body of the survey instrument consists of three sections:

- In Section 1, *Relationship Development Stage*, respondents were asked to identify the stage that describes they are currently in with your Western MNC, from a five-stage process defined by Jap & Ganesan, (2000).

- In Section 2, *Relationship Constructs*, respondents were asked to respond to the statements using a seven-point Likert-scale that best describes their relationship with the Western MNC, at the stage of the relationship that you indicated in Section 1.

- In Section 3, *Background of Respondents*, respondents were asked to provide basic background information about themselves, their role and professional experience, what Dillman (2009) describes as the '*attribute variables'* of the respondents.

Following the guidance provided in the extant literature (Salancik & Pfeffer's, 1977; Dillman et al., 2014) in avoiding consistency bias effects, the four-item scale for the dependent variable appears at the end of section 2 of the survey instrument, following the independent and mediating variables. In each section of the survey instrument, the questions are grouped into the topics they evaluate, increasing their ease of understanding and salience (Brace, 2013; Dillman et al., 2014). In section 3 respondents are asked to provide general background information. A free text box is also provided enabling respondents to express additional thoughts or provide any relevant comments.

Survey instrument pilot

Following the face validity testing of the survey instrument described above, a pilot survey was conducted to establish the content validity of the survey instrument.

Using the survey instrument modified by the face validating testing, a limited scale pilot survey was conducted. A total of 42 complete usable responses were obtained, equating to a response rate of 70%. Due to the difficulties of primary data collection in Saudi Arabia (Tuncalp, 1988; Abosag et al., 2006) three methods of data collection using the survey instrument were employed concurrently for the pilot: the Qualtrics™ online survey platform; the *'drop-off and collect'* method; and face-to-face completion of the survey instrument with the researcher, which are further described below.

The Exploratory Factor Analysis (EFA) functionality of SPSS was used to verify the content validity, reliability and factor stability of the proposed scales before

launching the full survey. The procedure used within SPSS is described in Appendix A3.4.

Operationalisation of variables

As described above, the development of the survey instrument followed a structured approach designed to ensure adequate validity, reliability and stability of the measures.

Seminal researchers, Churchill and Peter (1984), support the use of adapted scales in marketing research. Their research didn't identify any significant differences between the reliability of *originally developed*, *borrowed-modified* and *borrowed unmodified* scales. They concluded, therefore, that the properties of the scales themselves are more influential than the original scale development procedure used (Churchill & Peter 1984).

All core statements in the survey instrument were evaluated by respondents using a seven-point Likert scale ranging from 1 = "completely disagree" to 7 = "completely agree." The statements follow a predominantly '*respondent'* as opposed to an '*informant*' approach, in that the respondents evaluate their attitudes and beliefs as opposed to those of the Western MNC (Van der Vegt & Bunderson, 2005).

The Variables were operationalised as follows:

***Dependent variable*:** Dependent variables have values that change as part of a functional relationship between other variables within a conceptual model. This relationship is regarded as '*dependent*' and is considered as predictive (Hair et al., 2014). The central tenet of this study relates to the performance of B2B relationships between Saudi customer organisations and Western MNC supplier organisations, together with the key aim of creating an understanding of how this relationship performance can be improved. '*Relationship Performance'* is therefore adopted as the dependent variable and operationalised in section 2 of the survey instrument using a four-item scale adapted from Dowell et al., 2015 which in turn was adapted from Morrow et al., 2004.

***Independent variables*:** Describes a variable manipulated to determine the value of a dependent variable (Hair et al., 2014). Both *Cognitive* and *Affective* Trust were employed as independent variables by Dowell et al. (2015) in

understanding their influence on *Relation Performance*, as a dependent variable, via the mediating effects of commitment and inter-personal liking. The independent variables are operationalised in section 2 of the survey instrument using a four-item scale adapted from Dowell et al., 2015 which in turn were adapted from Sirdeshmukh et al., 2004; (*Cognitive Trust*) and McAllister, 1995 (*Affective Trust*). The independent variable of *Shared Values* was operationalised using a four-item scale adapted from Terawatanavong et al. (2007).

Data collection procedure

The data collection activity using the survey instrument started on 04th April 2017 and continued uninterrupted until 31st July 2017. Due to the difficulties of primary data collection in Saudi Arabia (Tuncalp, 1988; Abosag et al., 2006) three methods of data collection using the same survey instrument were employed concurrently: the web-based '*Qualtrics™* survey platform; the *'drop-off and collect'* method; and face-to-face '*structured interview'* method of completion of the survey instrument with the researcher, as described above.

Response rates: The response rates using the three methods of data collection are summarised in Table 3.2 below.

Table 3.2 – Survey instrument response rate

Survey Instruments issued			Response rate			Useable Response rate
Approach	**Total Issued**	**%**	**Actual**	**%**	**Usable**	**%**
Web-based Qualtrics™	1356	78%	162	12%	142	10%
Drop-off & collect	203	12%	203	100%	195	96%
Structured interview	183	11%	183	100%	174	95%
Total	**1742**	**100%**	**548**	**31%**	**511**	**29%**

The survey closed approximately sixteen weeks after commencing, with 527 responses, all of which were checked for incompleteness and double entries, leading to 16 responses being rejected. This study is therefore based on 511 complete and valid survey responses, providing an effective overall response rate of 29%, comparing satisfactorily with similar empirical studies (Denison et al., 1996).

Web-based: Qualtrics™: The online survey data collection method used Qualtrics™, the online survey platform. In using this method, a universal resource locator (URL) link was emailed to respondents, using the email address held within the researcher's employer's CRM system, enabling respondents to access and complete the survey directly in the Qualtrics platform. Typically, in a Western context, the use of an online format of the survey instrument, such as Qualtrics, offers several advantages over other formats such as physical mail surveys (Brace, 2013; Dillman et al., 2014). First, survey instruments provided online are particularly useful for overcoming geographical constraints, as this is one of the primary barriers to collecting primary data using a survey (Dillman, 2000; Brace, 2013). This is an important consideration for this study as Saudi Arabia is, geographically, a very large country and suffers a similar *'tyranny of distance'* that afflicts Australia (Blainey, 1966). Second, concerns have historically existed about the accessibility of survey instruments provided online, for example, difficulty in accessing computers or inadequate computer skills (Dillman, 2000). This is not a concern for this study as the target sample consists of well qualified professional managers who have full access to computers and possess advanced computer skills needed for the successful performance of their roles (Zhang, 2000). Third, the use of an online survey platform such as Qualtrics™ reduces transcription errors as data is entered by the respondents directly as they complete the survey and is automatically stored in an electronic format in Qualtrics (Simsek & Veiga, 2001; Sills & Song, 2002).

The response rates for data collection using a survey instrument increase when multiple data collection contacts are employed within the overall design of the method (Linsky, 1975; Dillman, 1991; Schaefer & Dillman, 1998). The online data collection method used in this study used a four-step approach adapted from Dillman's (2000) recommendations for physical mail survey instruments. First, a pre-notice e-mail was sent containing a summary of the study. It emphasised the voluntary nature of their involvement together with the strict confidentiality that will be applied in protecting their identity, the identity of their employer and the complete anonymity of any data they provide. With the offer of confidentiality and anonymity it was also hoped that social desirability bias could be avoided (Maccoby & Maccoby 1954; Zerbe & Paulhus, 1987; Fisher 1993). Second, a personalised email, including an individual URL link to the

Qualtrics online survey, was sent to all participants approximately two days after the initial pre-notice e-mail was sent. In total, approximately 1356 participants received an invitation to complete the survey. Third, three weeks after the initial personalised email was sent, a reminder e-mail was sent to those that had not responded. Before the reminder was sent, 89 respondents had completed and successfully submitted a response. Following the reminder, an additional 64 completed responses were received. Fourth, a second reminder was emailed to all remaining non-respondents three weeks following the initial reminder resulting in a further nine additional responses.

***'Drop-off and collect'* method:** The online method of collecting primary data using a survey instrument, described above, would ordinarily be adequate in a Western context (Dillman et al., 2014). However, due to the considerable difficulties of primary data collection in Saudi Arabia (Tuncalp, 1988; Abosag et al., 2006), two other methods of data collection using the survey instrument was employed to obtain an adequate response. The second method is what Tuncalp (1998) and Abosag et al. (2006) call the *'drop-off and collect'* method, whereby undergraduate Saudis were employed as field workers to distribute (drop-off), and then collect the completed paper-based survey instrument from respondents. This method is regarded as effective as the field workers use their relationships to obtain commitment to completing the survey, and then follow-up in obtaining the completed instrument. Once the commitment is given to completing the survey, then failing to do so would be regarded as disrespectful and would lead to a loss of face, especially where a personal relationship exists. Therefore, response rates using this method are typically in the 70-80% range (Tuncalp, 1988; Abosag et al., 2006). In the context of this study, the researcher has adapted the '*drop-off and collect'* in obtaining commitment and then following-up personally with Saudi managers with whom a professional relationship exists. The completed paper-based survey instrument was then manually entered into the Qualtrics© system.

Structured Interview: The third method employed involved the respondent completing the survey instrument in the presence of the researcher, either using a paper copy of the survey instrument or by completing it directly in Qualtrics™.

Advantages and Disadvantages: The advantages of using the three data collection methods described above relate primarily to being able to secure an

adequate response rate to the survey instrument and thereby enabling the study to complete the overall research method. There are, however, a number of limitations and disadvantages. Using the three methods of data collection concurrently created the potential for duplicate submissions and/or more than one submission per respondent. For example, a respondent may have received an invitation by email and also a paper copy from the '*drop-off and collect'* method, and inadvertently completed both. This was addressed in two ways. First, by asking the respondent directly whether they had received an email invitation to take part in the survey using the Qualtrics system, and if they had did they complete it? Also, a secondary check was conducted by checking that the respondents who were invited by email against the list of respondents who completed the survey using one of the other two methods.

Another disadvantage of using the three methods of data collection concurrently related to the need for the manual entry of completed paper copies of survey instruments obtained from the '*drop-off and collect'* method and where completed face-to-face with the researcher. This was problematic for two reasons. First, the manual entry gives rise to the potential for transcription errors in loading the data from the paper copies into the Qualtrics platform. Second, it was inefficient and time-consuming with approximately 386 responses having to be manually entered.

3.5 Structural equation modelling

Consistent with extant empirical marketing research (Jap & Ganesan, 2000; Dowell et al., 2015; Akrout & Diallo, 2017) that considers the relationship development dynamics between customers and suppliers, a structural equation modelling (SEM) approach is used in this study.

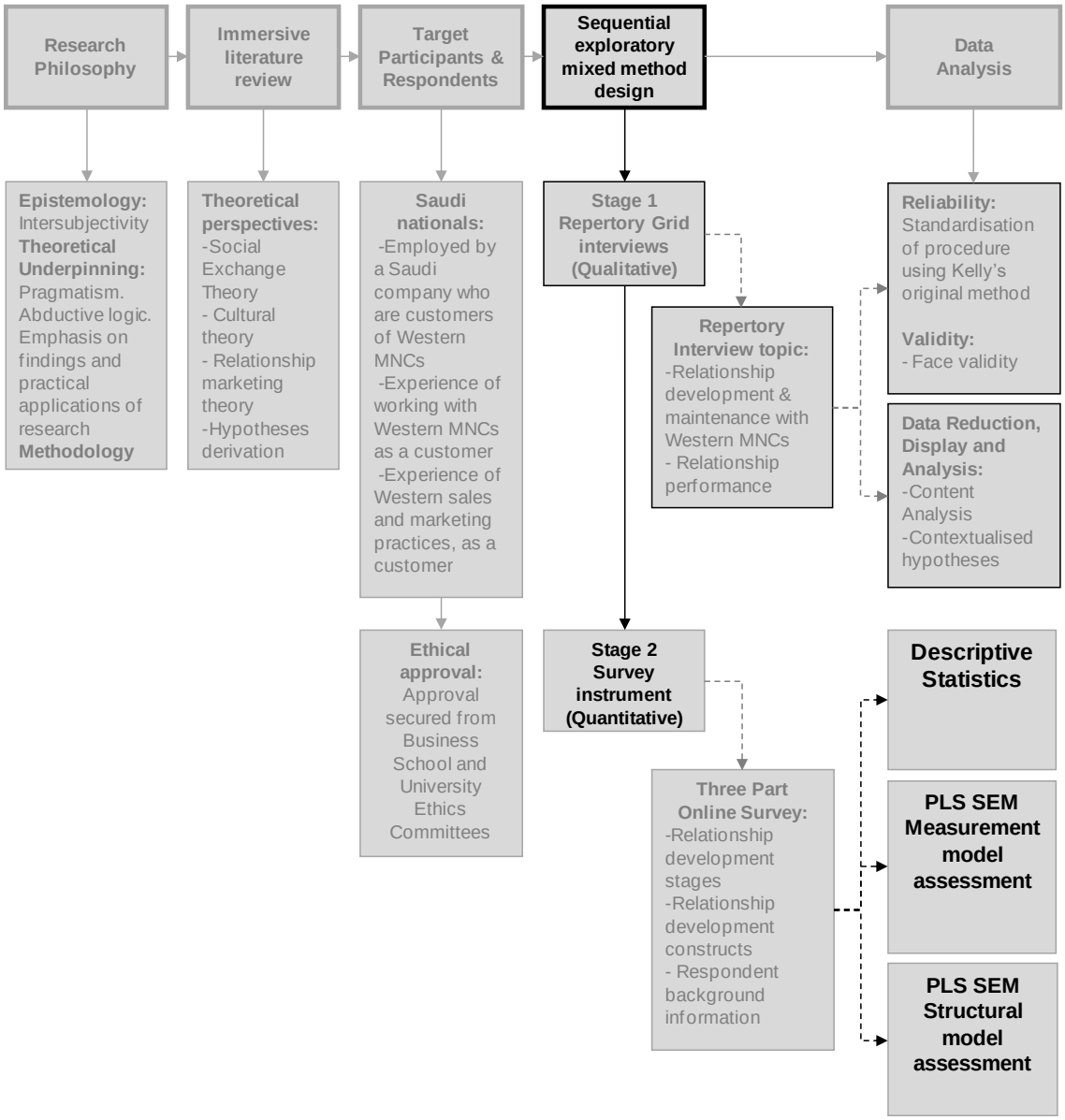


Figure 3.16: Summary of Research Design - stage 2 PLS-SEM

3.5.1 Analytical Objectives

As reported above, a total of 511 usable responses were obtained from the survey instrument. Also, consistent with extant empirical marketing research (Jap & Ganesan, 2000; Powers & Reagan, 2007; Claycomb & Frankwick, 2010: Dowell et al, 2015; Kam & Lai, 20016; Akrout & Diallo, 2017) the design of the survey instrument enabled respondents to identify the relationship stage pertinent to their response to the survey instrument. Three relationship stages are identified; the '*early'* stage (173 responses); the '*build-up'* stage (120 responses), and the '*mature/decline'* stage (218 responses). The analytical objective of this SEM modelling is to predict the effects of the relationship constructs (the latent variables) on relationship performance (the dependent variable) from an overall perspective and in each of the three stages of the relationship development process (Terawatanavong et al., 2007). Four models are subject to data analysis performed using a reflective partial least squares SEM (PLS-SEM) modeling approach in testing 13 hypotheses (Akrout & Diallo, 2017): the overall model using the full data-set (n=511); the *'early stage'* (n=173); the '*build-up'* stage (n=120), and '*mature/decline'* stage (n=218). The conceptual model is illustrated in Figure 4.6 below.

3.5.2 Descriptive Statistics

The descriptive statistics from the survey instrument data were obtained from SPSS, which were checked for accuracy and completeness.

3.5.3 PLS-SEM approach

In accordance with Henseler et al. (2014), the adoption of PLS-SEM was considered suitable for three reasons: First, PLS-SEM is preferable for research that is primarily concerned with understanding causal relationships and predicting the dependent variable (Reinartz et al., 2009), as compared to its covariance-based equivalent (CB-SEM). This study considers the relationships between the latent variables and their consequences for relationship performance (Dowell et al., 2015). Second, the sub-sample sizes relating to the relationship development stages are smaller than recommended for CB-SEM based analysis (n>200) (Akrout & Diallo, 2017). In this context, PLS-SEM is preferable as it provides greater accuracy and more realistic inferences (Marcoulides et al., 2010; Gefen et al., 2011; Wong, 2013; Hair et al., 2017). This is particularly relevant when the numbers of constructs, indicators, and

relationships are high and the sample size is relatively small as PLS-SEM, in this scenario, generates fewer biases compared to CB-SEM (Hair et al., 2014). Third, the data are not strongly multi-normal as determined by an unsatisfactory Mardia test (Wong, 2011). Accordingly, PLS-SEM is considered more relevant than CB-SEM as distributional assumptions are not inferred within the analysis (Hair et al., 2017). Afthanorhan (2013) conducted a comparative study using the same data-set in comparing CB-SEM (using Amos) and PLS-SEM (using SmartPLS) and concluded that PLS-SEM provided results that were more reliable and valid (Afthanorhan, 2013).

While one of the reasons cited above for choosing PLS-SEM is its capability of coping with small sample sizes, this is still an important consideration not least because PLS-SEM is still an emerging multivariate data analysis method (Wong, 2013). The extant literature suggests that sample sizes ranging from 100 to 200 are adequate in carrying out path modelling (Hoyle, 1995). However, in the context of the model, the data distributional characteristics, the variables psychometric properties together with the significance of their relationships are all significant considerations in determining sample size (Wong, 2013). Hair et al (2013, p.231) suggest that sample size is determined by the following factors in a structural equation model design: "*the significance level; the statistical power; the minimum coefficient of determination (R2 values) used in the model, together with the maximum number of arrows pointing at a latent variable".*

In practice, according to Wong (2013), a marketing research study would typically have a significance level of 5%, a statistical power of 80%, and R^2 values of at least 0.25 (Wong, 2013). Using these parameters, the minimum sample size required can be obtained from the guidelines provided by Marcoulides & Saunders (2006). As shown in Table 3.3 below, the actual sample size is shown for each of the four models together with the maximum number of arrows pointing to a latent variable.

Table 3.3: Determining sample size

	Full data-set	Early	Build-Up	Mature
Actual sample size	511	173	120	218
Max no. of arrows pointing to a latent variable	7	6	6	5
Min sample size (Marcoulides & Saunders, 2006)	80	75	75	70

The actual sample size in all four models is significantly greater than the minimum sample size obtained from Marcoulides and Saunders (2006).

The PLS-SEM outer measurement models and inner structural models are evaluated simultaneously using SmartPLS version 3.2.7 software (Ringle et al., 2015). PLS-SEM, in general, lacks a well identified global optimisation criterion a consequence of which is a lack of a global fitting function to evaluate the goodness of the model (Vinzi et al., 2010). Also, as a variance-based model strongly focused on prediction, validation of the model focuses mainly on the model's predictive capability (Gaskin & Lowry, 2014). According to Sarstedt, (2013), each part of the model must be validated: the measurement model, the structural model and the overall combined model (Henseler & Sarstedt, 2013). To achieve this PLS path modelling practice provides a number of model quality tests and indexes. In the SmartPLS software, the measurement model is assessed using convergent validity, discriminant validity, internal consistency, collinearity statistics and goodness of fit indexes. Once a measurement model of sufficient quality is obtained, a five-step procedure is used to assess the structural model in evaluating the endogenous variables together with their direct, indirect and total effect on the causal relationships, as illustrated in Figure 3.17 below (Vinzi et al, 2010; Henseler & Sarstedt, 2013; Gaskin & Lowry, 2014; Hair et al, 2017).

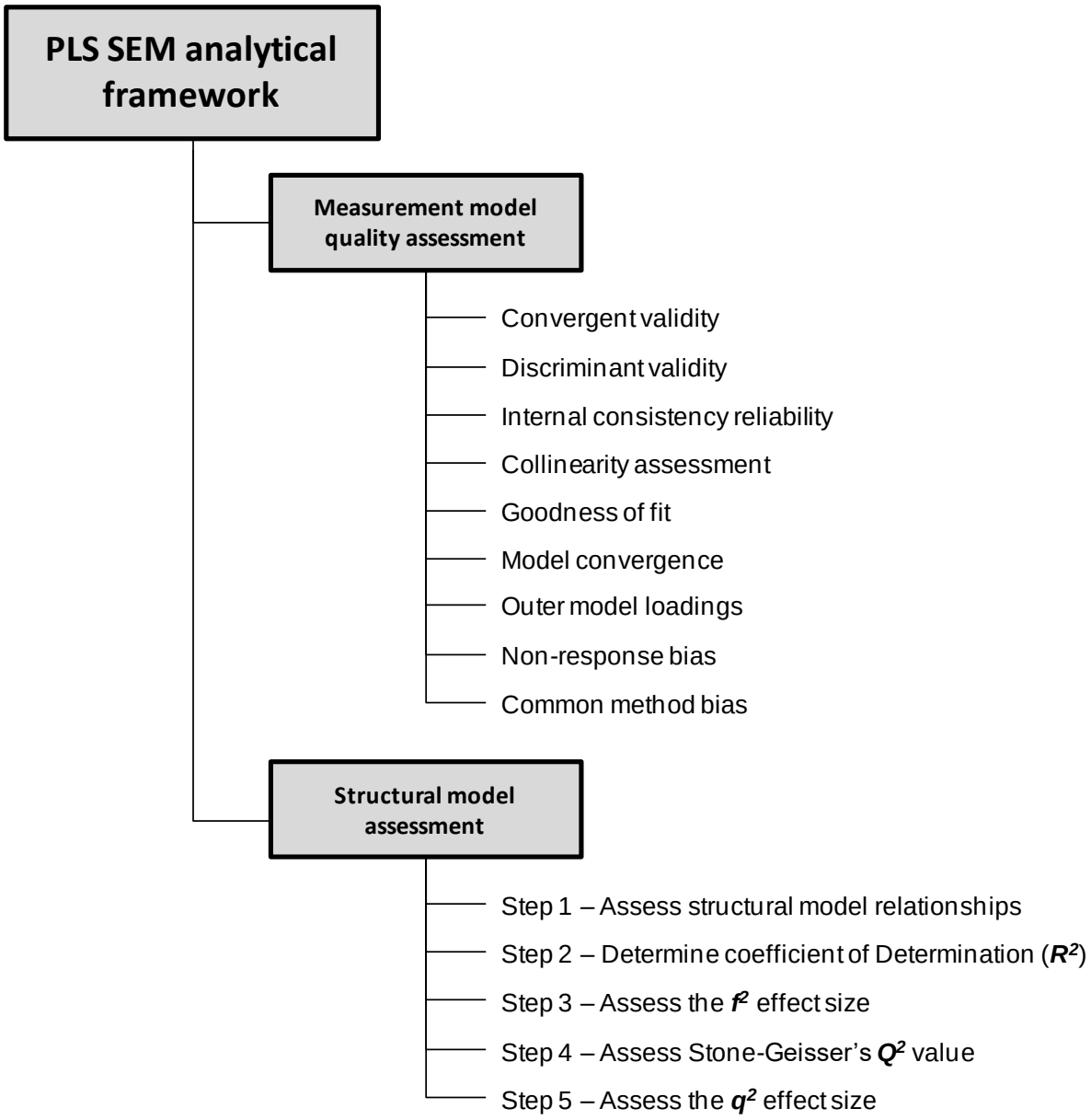


Figure 3.17: PLS SEM analytical framework (adapted from Hair et al., 2017 & Henseler et al. 2016).

3.5.1 PLS-SEM measurement model assessment

The PLS procedure adopted in the SmartPLS software uses the Consistent PLS algorithm (PLSc), which corrects reflective construct correlations in making the results consistent with a factor-model (Dijkstra 2010; Dijkstra 2014; Dijkstra & Henseler 2015; Dijkstra & Schermelleh-Engel 2014). The '*Path*' weighting scheme is selected with the maximum number of iterations set at 300 (Ringle et al., 2005) and the '*Stop Criteria'* set at 10^-7^ (Wong, 2013).

On running the PLSc procedure described above the quality criteria consisting of Convergent Validity; *Construct Reliability and Validity*; *Discriminant Validity*;

Collinearity statistics (VIF values) and Model Fit statistics are automatically calculated. These are illustrated in Figure 3.18 and described below.

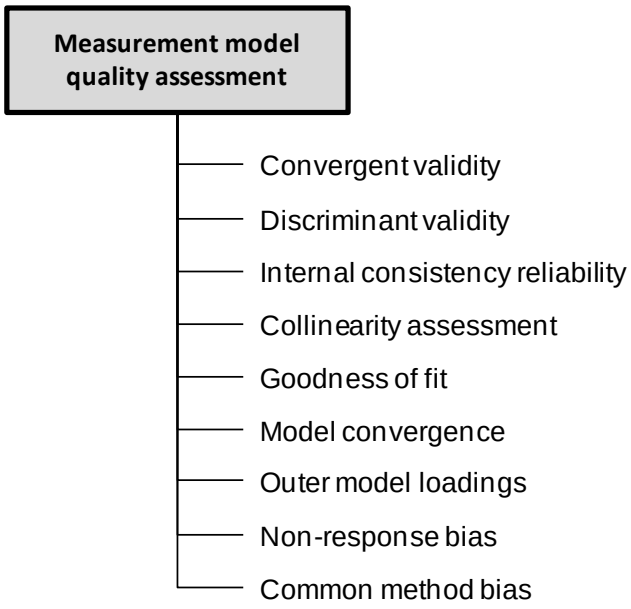


Figure 3.18: Measurement model quality assessment (adapted from Hair et al., 2017 & Henseler et al. 2016).

3.6 Chapter Summary

This specific aim of this chapter was to provide detail and justification for the appropriate research methodology and to identify appropriate instruments for collecting and analysing data. This chapter began by establishing the research philosophy for this DBA study followed by explaining the approach taken to undertaking the immersive literature review. The target participants and respondents were described followed by an explanation of the two-stage sequential mixed method research design. This chapter concludes with a description of the data analysis methods adopted.

Pragmatists are primarily concerned with the fundamental nature of the research aims and objectives that need to be addressed (Creswell, 2003). To the extent that research paradigms are valid, the ontology, epistemology, axiology and data collection procedures used must be pragmatic and action-oriented. It follows, therefore, that pragmatism provides access to different worldviews and assumptions, to multiple methods and different forms of data collection and analysis (Creswell, 2003).

Figure 3.19 illustrates the flow of the research design that is considered for this study.

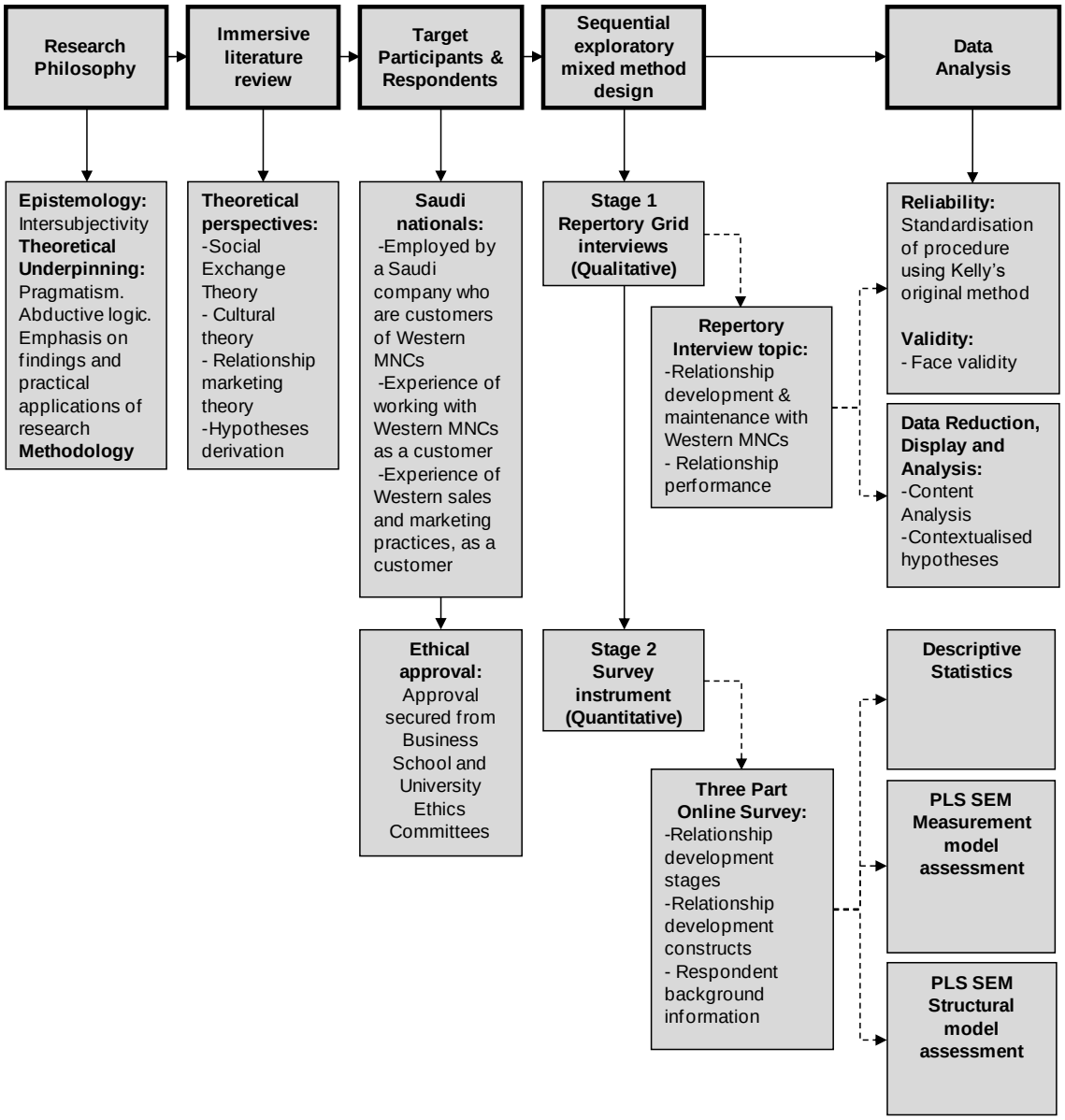


Figure 3.19: Summary of the research process

Although shown as a linear process, the research procedure shown in above the figure above was highly integrative and iterative. With the emergence of new findings, consideration was given to how to integrate these back into the overall research and analytical framework.

Chapter 4

Stage 1 – Repertory grid interview data analysis

4.0 Introduction

The specific purpose of this chapter is to present the outcomes of the analysis of the data collected for this study using repertory grid interviews, relating to Stage 1 of the sequential mixed method research design.

As illustrated in Figure 28 below, this Chapter is organised into three parts. Part A begins by recapping the rationale for using repertory grid interviews together with how they were conducted. Part B describes the analysis of the qualitative and quantitative data collected using the repertory grid interviews. This Chapter concludes with Part C by constructing the hypotheses and presenting the relationship constructs to be incorporated in the survey instrument design together with a conceptual model. The hypotheses describing the influence of the relationship constructs over the relationship lifecycle are also presented.

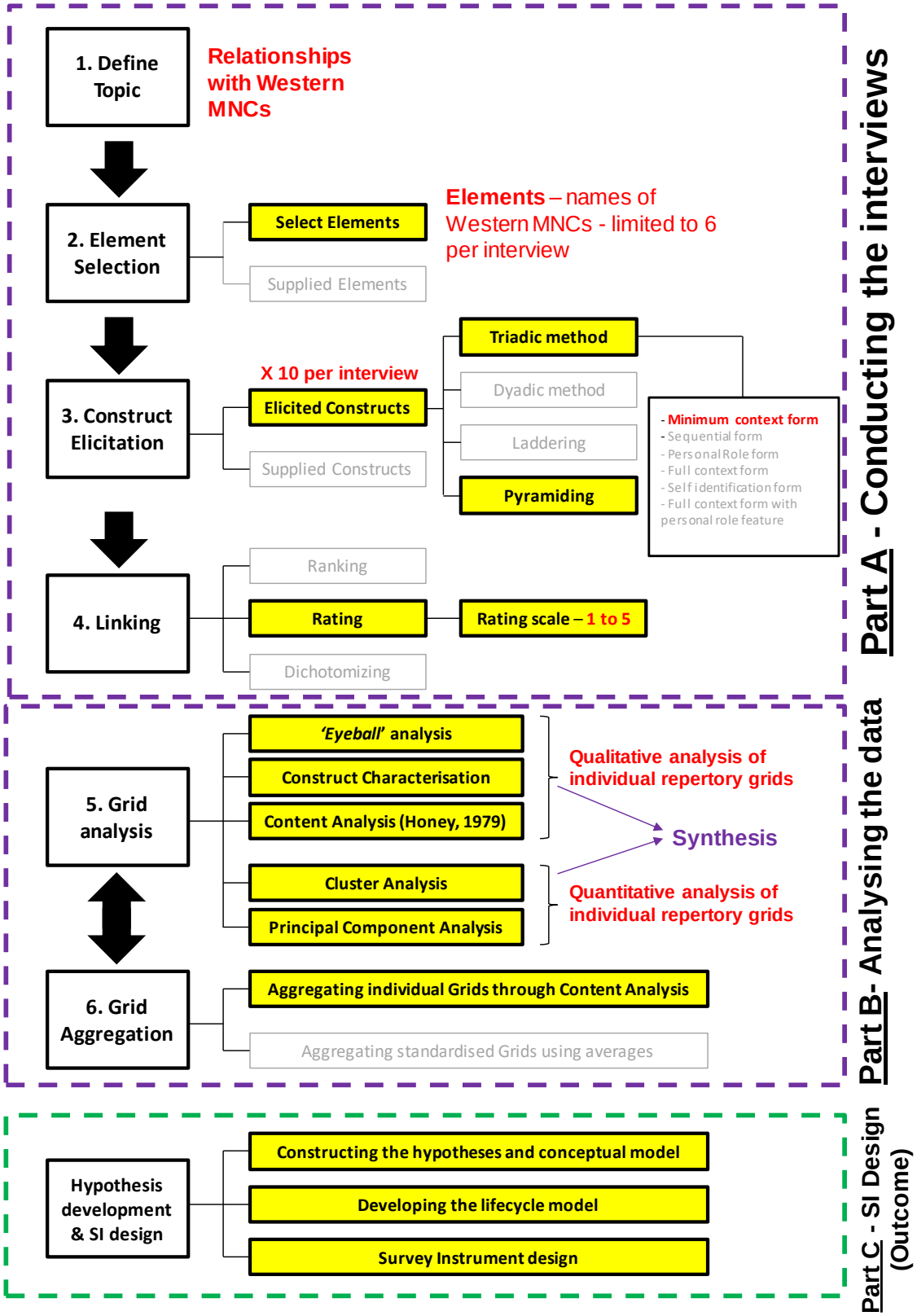


Figure 4.1: Conducting the RG interviews and analysing the data

4.1 PART A - Conducting the repertory grids interviews

Part A recaps the theory and process through which the repertory grid interviews were conducted.

4.1.1 Repertory grid interviews

As explained in Chapter 3, the repertory grid interview instrument is used in Stage 1 of this sequential mixed method research design with the aim of informing the design of a survey instrument and conceptual model. Sequential mixed method research designs are also described in the extant literature in which the first stage repertory grid interview procedure is used to better understand a culture and to create culturally appropriate constructs and measures (Hitchcock et al., 2006; Creswell & Plano Clark, 2007; Bartholomew & Brown, 2012). As demonstrated in these empirical studies, instrument development was not the only purpose of the repertory grid interview as researchers used this to explore specific manifestations in a cultural setting before quantifying the phenomenon in the second stage of the research design (Creswell & Plano Clark, 2007). The existing literature suggests that this type of research design is prevalent in a non-Western, culture-specific research context (Creswell & Plano Clark, 2007).

As described in Chapter 3, and as illustrated in Figure 4.2 below, the procedure used for conducting the eleven repertory grid interviews is comprised of four steps.

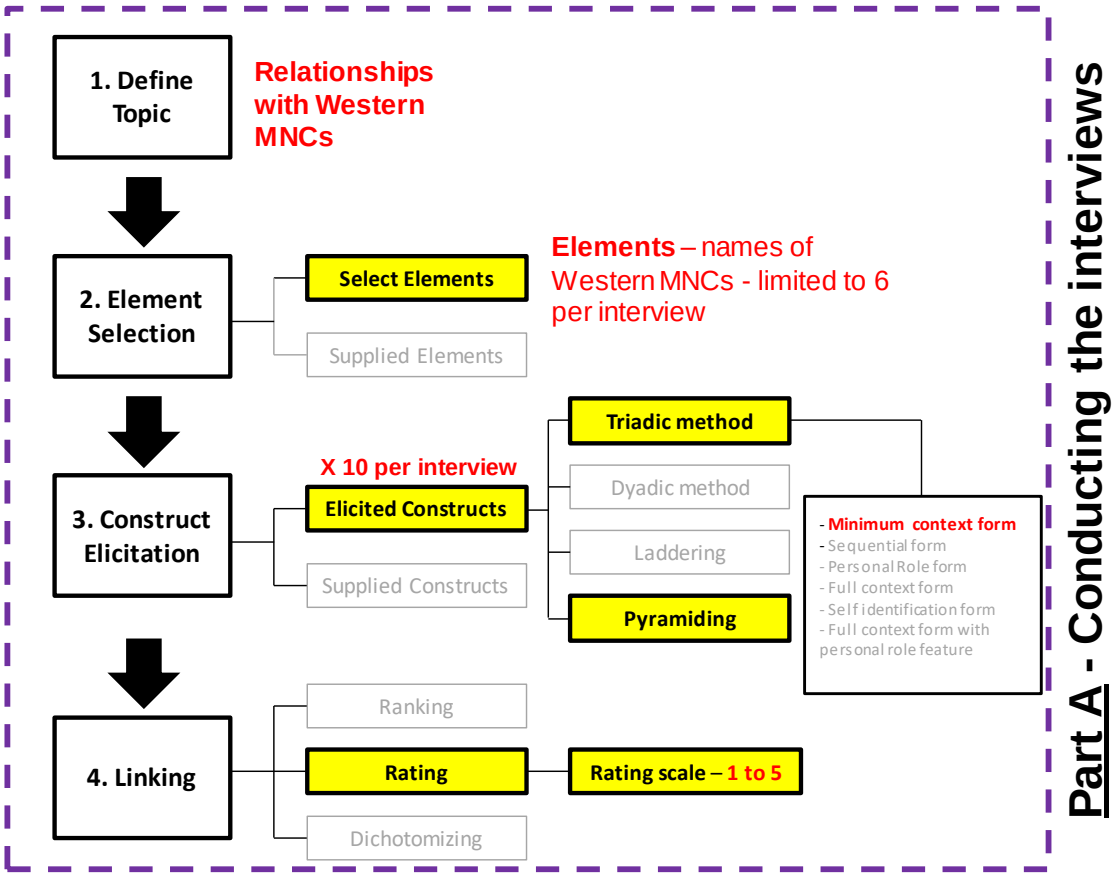


Figure 4.2: Conducting the interviews – Part A

The first step required that the '*topic'* of the interview be clearly defined and agreed with the participant. For this study, the topic was defined as *"Relationships with Western MNCs".* The second step involved the selection of the '*Elements*', comprised of names of Western MNCs with which the participants had developed B2B relationships. During the third step, '*Constructs*' were elicited from which rich qualitative data was obtained. The fourth step, '*Linking'*, used a Likert scale (1 to 5) rating method to link the *Elements* and *Constructs*.

Eleven repertory grid interviews were held between 17th February and 7th September 2016 in Riyadh, Saudi Arabia involving a total of twenty-six participants comprising of 790 minutes (13.2 hours) of interviews with a mean duration of 72 minutes per interview. A total of 71 *Elements* and 112 *Constructs*, totalling 732 data points, were elicited from the participants in the form of eleven completed repertory grids. In addition to the completed repertory grids,

qualitative data was collected from all eleven repertory grids interviews comprising of approximately 34,000 words in total. A point of saturation was reached after interview number five, concerning the identification of new and discrete construct themes. The results of the data collected from the repertory grids interviews, described above, compare favourably with similar empirical studies in a relationship marketing context. For example, Rogers and Ryals (2007), conducted ten repertory grid interviews with key account managers in researching B2B relationship development dynamics in the logistics sector.

4.1.2 Participants

This section describes the characteristics of the twenty-six Saudi managers that participated in the eleven repertory grid interviews.

The analysis of the participant's characteristics, as shown below in Table 4.1, demonstrates that they represent an adequate range of experience, role and industry coverage together with educational achievement for this research.

Table 4.1: Characteristics of the 26 repertory grid interview participants

	RGI1	RGI2	RGI3	RGI4	RGI5	RGI6	RGI7	RGI8	RGI9	RGI10	RGI11
Participants	3	2	1	3	2	1	3	2	3	3	3
Profile of participants											
- Highest Qualification	PhD	MSc	MSc	MSc	PhD	MSc	MSc	BSc	MSc	BSc	PhD
- Years of Experience	24	18	13	22	27	14	16	12	16	19	22
- Job	CEO	Proc Mgr	Alliance Mgr	CIO	CTO	IT Mgr	Sr Architect	Proc Mgr	IT Mgr	BI Mgr	CIO
- Years of experience with MNCs	24	12	13	20	27	12	16	10	12	8	17
- Highest Qualification	PhD	MSc	N/A	MBA	BSc	N/A	PhD	BSc	MSc	BSc	MSc
- Years of Experience	21	15		12	9		5	9	14	11	8
- Job	CIO	IT Mgr		PMO Mgr	IT Gov Mgr		CIO	IT Mgr	Sr Architect	IT Mgr	Dev Mgr
- Years of experience with MNCs	15	12		7	9		5	9	10	11	5
- Highest Qualification	MBA	N/A	N/A	BSc	N/A	N/A	BSc	N/A	BSc	PhD	MBA
- Years of Experience	20			6			10		14	7	19
- Job	GM			Dev Mgr			Proc Mgr		IT Mgr	PMO Mgr	Proc Mgr
- Years of experience with MNCs	20			5			6		11	7	19
Sector	Public	Public	IT	FS	Telco	Public	Utilities	Public	Public	FS	Telco

As can be seen from Table 4.1 above, all 26 of the participants are graduates with a bachelor degree and, in most cases, also possess a post-graduate master's degree qualification and/or doctoral training.

The years of overall work experience of the twenty-six participants, together with the experience of working with Western MNCs, ranges from 5 years to 27 years. The participants occupy ten different job roles in their interactions with Western MNCs. As can be seen from Table 25, the largest category is that of IT Managers with both Procurement Managers a close second.

The 26 participants are employed by eleven Saudi customer organisations who are engaged with Western MNCs in five major sectors of the Saudi economy. The largest sector is the Public sector including central Government departments, Governmental agencies and directorates and other fully Government owned and nationalised bodies. The second largest is the Financial Services sector which includes retail, corporate, investment and wealth management banks and insurance companies. The third largest sector is Telecommunications followed by Electricity and Water utility companies and finally the IT sector.

4.2 PART B - Analysing the data

This Part B provides a recap of the method of analysis of the completed repertory grids. As explained in Chapter 3 and illustrated in Figure 4.3 below, the analysis of the repertory grids follows a two-stage process: analysis of the individual grids (*5. Grid Analysis*) followed by the aggregation of the eleven repertory grids (6. Grid Aggregation).

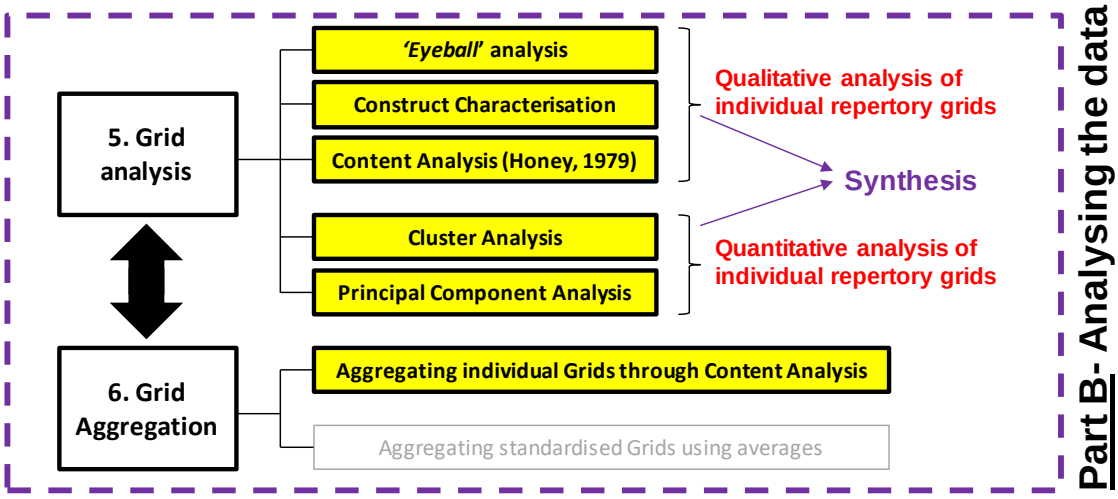


Figure 4.3: Repertory grid data analysis – Part B

4.2.1 Analysis of the individual repertory grids (5. Grid Analysis)

As described in Chapter 3, five methods are used in the analysis of the individual repertory grids, three of which are predominately qualitative while two are quantitative.

As explained in Section 3.4, the repertory grid instrument is used to operationalise Kelly's (1955) personal construct theory, which he devised to understand how individual people construe things or events. This appreciation is fundamental to understanding the use of the repertory grid technique, together with the importance of the need to analyse the individual grids, as a first step in the analytical process (Fransella & Bannister, 1977). As described by Gould (1991), academics and participants talk *"with"* and not simply to one another in a process where language is the medium of psychological inquiry (Ozanne & Anderson, 1989).

It is against this backdrop that the first three qualitative methods: '*Eyeball analysis'*; '*Construct characterisation'*; and '*Content analysis'*, were used to uncover '*what*' and '*how'* the individual participants thought and how they

represented the topic of their relationship with MNCs, together with what was important to them in this context.

The final two quantitative methods: '*Cluster analysis'*, and '*Principal Component analysis*', as explained in Section 3.4, are used to identify statistical relationships between the constructs and identify the distinct patterns of variance in identifying what needs to change in moving from the current state to a future ideal state.

4.2.2 Grid Aggregation (6. Grid Aggregation)

As explained in Section 3.4, the results of the individual repertory grids cannot be aggregated to obtain a macro perspective using quantitative means, as they are elicited in an individual context and are therefore not directly comparable. Instead, this study has adopted the qualitative technique of content analysis, using Honey's (1979) seminal procedure as the means of aggregating the data relating to Constructs, from all eleven repertory grids. The detailed procedure used for content analysis, based on Honey (1979), is provided in Appendix A3.2 and the outcome of the analysis is described in the next section.

Table 4.2 below, summaries the outcome from the content analysis, using Honey's procedure. As described above 112 polar constructs were elicited from the eleven repertory grid interviews. From these 112, twenty-six construct themes were derived using Honey's content analysis procedure. These twenty-six constructs themes were further reduced to nine 2nd order construct categories. The alignment of the twenty-six construct themes and the nine 2nd order construct categories is shown in Table 26 below, together with a definition of the 2nd order construct. Also, the number of polar constructs is shown, aligned to the 2nd order construct categories, together with the similarity scores compared with the 'overall' summary construct, as a percentage and in the form of High (H), Intermediate (I) and low (L) rating.

While the nine 2nd order constructs are considered as being at the appropriate level for the development of hypotheses, conceptual model and the design of the survey instrument, a further round of analysis was undertaken to ensure the constructs are parsimonious. This analysis identified '*Behavioural*' and '*Temporal*' commitment and Culture as being not required. The extant literature considers behavioural commitment as just another type of instrumental

commitment (Dwyer et al., 1987; Gundlach et al., 1995; Kelly, 2004; Abosag et al., 2006), whereas *Temporal* commitment is the product of Instrumental and Cognitive commitment (Armagan et al., 2009). Also, the distinction between '*Culture'* and '*Shared Values'* is too narrow for both constructs to play a meaning role in the analysis. On further inspection of the qualitative data '*Shared Values*' was considered as having greater meaning for the participants that than of Culture.

Table 4.2 – Results of Content Analysis using Honey's procedure (1979).

112 Polar constructs	26 Construct themes	Nine 2nd Order Category	Definition	% Similarity Score	H-I-L
12	Loyalty	Affective Commitment	Reflecting social and psychological attachment, it is derived from feelings of identification, a sense of loyalty belonging, affiliation, faithfulness and flexibility with an exchange partner (Geyskens et al., 1996; Martin et al., 2004; Bansal et al., 2004; Gustafsson et al., 2005; Wong et al., 2007).	94.84	I
	Flexibility			93.89	I
20	Connectedness	Affective Trust	Defined as interpersonal reciprocity and connectedness (McAllister, 1995). Affective trust is the intuition, based on feelings, care and the concern that the partner demonstrates and reciprocates as demonstrated through appropriate communications (Johnson-George & Swap, 1982).	93.17	I
	Reciprocity			93.25	I
	Intuition			90.85	I
	Communications			92.36	I
1	Investment	Behavioural Commitment	Concerned with the actual idiosyncratic investments, sharing of information, allocation of relationship-specific resources, and other tangible assets that are not easily transferable to another potential exchange partners (Morgan & Hunt, 1994; Achol & Gundlash, 1999; Sharma et al., 2015).	98.15	H
24	Benefits	Cognitive Trust	Describes a person's ability to complete a task to a desired level. A credential that creates a perception of professionalism and being capable of completing a task. Adherence or delivering on what is promised and contracted and conforming to ethical standards. Completion of tasks over and above what is required and agreed to. The presumption of a positive orientation, motives and intentions of the other person (Dowell et al., 2015).	97.92	H
	Reliable			97.69	H
	Satisfaction			96.64	H
	Trust			94.71	I
	Professional			94.25	I
	Integrity			90.47	I
	Predictability			89.64	L
	Fairness			88.76	L
2	Cultural Alignment	Culture	A modus operandi shared between different groups of people – see Section 2.2.1	93.87	I
17	Comparison level	Instrumental Commitment	Defined as the cognitive and calculative psychological processes used by an exchange partner in judging the potential relative benefits and costs associated with a decision as to whether a relationship should be established and maintained, or an existing relationship continued in preference to the alternatives available (Kelly et al., 2004; Abosag et al., 2006; Sharma et al., 2015).	94.87	I
	Commitment			94.08	I
	Benefits			92.13	I
12	Liking	Interpersonal Liking	Defined as the affective bond developed between individuals (Nicholson, Compeau, & Sethi, 2001). Described variously as attraction (Hendrick & Hendrick, 1993), social bonding (Wilson & Jantrania, 1993) and business mating (Wilkinson et al., 2005).	96.02	H
	Personal Contact			92.77	I
20	Aligned objectives	Shared Values	Variously defined as the degree to which exchange partners hold common beliefs regarding the relative importance of values, behaviours, goals, and policies (Morgan & Hunt, 1994).	94.63	I
	Past experience			94.16	I
	Adaptation			90.14	I
	Values			91.58	I
4	Long-term view	Temporal Commitment	Preference for continuity in the relationship with stability over time (Anderson & Weitz, 1989; Gundlach et al., 1995; Martin et al., 2004, and Armagan et al., 2009), and is the product of both attitudinal and behavioural commitment (Abosag et al., 2006). See	88.17	L
112	**26 – Construct themes**	**Nine - 2nd Order constructs**		**H = 5 I = 18 L = 3**	

The final results of the content analysis are shown in Figure 4.4 below, with the initial 112 polar constructs reduced to six 2nd order constructs: *Affective commitment; Instrumental commitment; Affective trust; Cognitive trust, Interpersonal liking and Shared Values.*

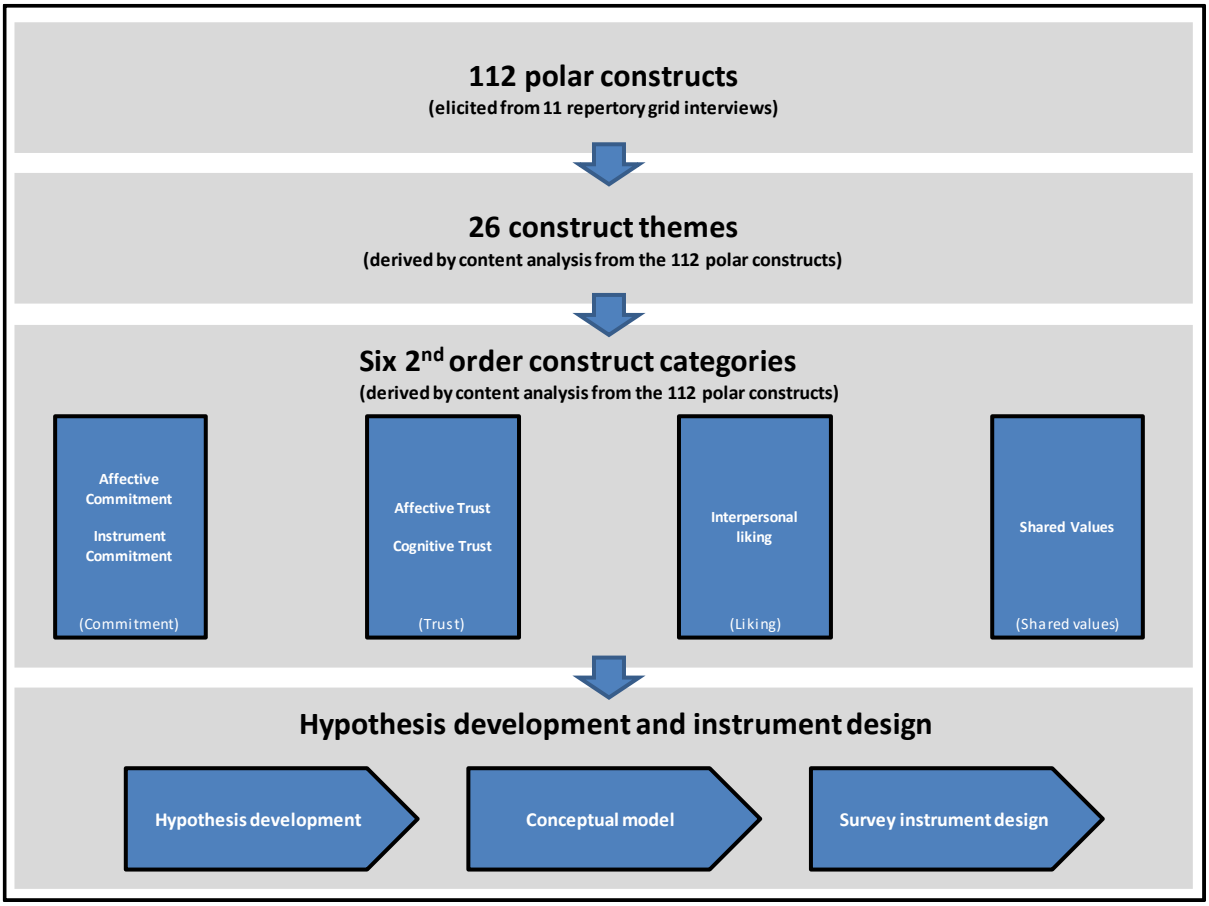


Figure 4.4: Content analysis results

4.3 PART C – Constructing the Hypotheses and Conceptual Model

In this Section, the conceptual model derived from the analysis of the qualitative data is presented together with the associated hypotheses. Initially, the conceptual model and the associated hypotheses are presented for the full data-set in providing a composite picture of the relationship dynamics between Western MNCs and Saudi customers, in understanding the impact on relationship performance. This is explored by considering the interplay between the relationship constructs provided by the content analysis presented in Table 26 above.

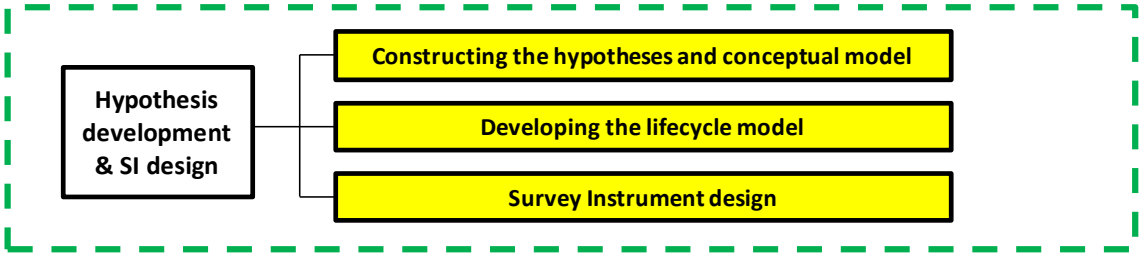


Figure 4.5: SI Design – Part C

This Section then goes on to consider relationship dynamics between Western MNCs and Saudi customers, through the different relationship stages in developing hypotheses related to which relationship constructs are more prevalent at each stage.

4.3.1 Relationship between constructs

Six relationship constructs have been derived from the Repertory Grid Interviews, namely: *Affective commitment; Instrumental commitment; Affective trust; Cognitive trust, Interpersonal liking and Shared Values.* As described above, the analytical aims of the analysis are to understand the influence of these pertinent constructs derived in Stage 1, on the performance of the relationship between the Saudi customers and Western MNCs in Stage 2 of the analysis. The interrelationship between the six constructs derived from the Stage 1 repertory grid interviews is discussed below.

The extant literature argues that the varying dimensions of commitment in an exchange relationship are interrelated to differing degrees and will be idiosyncratically linked in the relationship between the exchange partners. For example, when exchange partners make adaptations to their business processes, this behaviour demonstrates their ***negative instrumental*** (locked-

in) ***commitment*** to existing relationships while also signalling interest in developing a closer relationship (Ford, 1980). The value of an exchange relationship is a basis of ***instrumental commitment*** (and vice versa) as it reflects potential value, and costs, associated with the exchange relationship (Kalwani, Narayandas, 1995), and this may lead to an enhanced level of relationship performance (Dowell et al., 2014).

In addition to professional relationships between exchange partners, personal relationships may also develop (Budelman, 2001). This can be helpful in developing a constructive and supportive environment leading to a better and more open relationship (Kim & Frazier, 1997). As exchange partners have greater interaction with one another, a sense of ***personal liking*** develops, leading to an increased desire to maintain the exchange relationship. When combined they act together to facilitate, and indeed are facilitated by, ***affective commitment*** (Sharma et al., 2015). Sharma et al. (2015) also argue that the role, importance and strength of association between the different types of commitment depend on the characteristics of the relationship between the exchange partners (Sharma et al., 2015). When exchange partners view the relationship as personal, they tend to invest greater effort and resources to continue to develop the relationship (Sharma et al., 2015). Therefore, affective commitment plays a stronger role in the performance of the relationship between exchange partners (Sharma et al., 2015).

Instrumental commitment is the observable commitment made in the form of tangible relationship-specific assets (Kim & Frazier, 1997; Gounaris, 2005). If exchange partners believe that greater relationship value can be created, relationship-specific assets are developed to obtain this, with the result that behavioural and positive calculative commitment is increased. If an exchange partner's business performance is dependent on the relationship continuing, because of high switching or termination costs, then negative instrumental (locked-in) commitment is greater, resulting in a greater likelihood that the required support and associated resources will be provided (Gounaris, 2005).

The relationship between relationship commitment, relationship trust and relationship performance is complex and disputed within the extant literature (Abosag et al., 2006). A significant body of empirical research has demonstrated that a direct and positive relationship exists between trust and

commitment (Morgan & Hunt, 1994; Coote et al., 2003; Gounaris, 2005; Tellefsen & Thomas, 2005). In other research, however, no link is found (Johnston & Lewin, 1996; Dorsch et al., 1998). According to some academic's commitment is a precursor to trust in exchange relationships (Morgan & Hunt, 1994), whereas other academics posit the reverse that commitment develops as a consequence of trust (Gundlach et al., 1995; Miyamoto & Rexha, 2004). As discussed in Chapter 2, the distinction between the different cognitive and affective dimensions of commitment and trust has been made in several empirical studies (Coutler & Coutler, 2003), albeit with inconclusive results. However, the extant literature has not addressed the dynamic nature of this relationship between and within the dimensions of commitment and trust. Also, several empirical studies are directly contradictory in how the relationship between commitment and trust is conceptualised, further clouding our understanding of the drivers of relationship commitment and trust (Havila et al., 2004; Miyamoto & Rexha, 2004).

As discussed in Chapter 2, KSA is a characterised as having a collectivist, affective culture (Hampden-Turner & Trompenaars, 1997) which scores highly on Hofstede's (1980) uncertainty avoidance and power distances dimensions (Bjerk & Al-Meer, 1993; Abosag et al., 2006). KSA's culture is also regarded 'high context' (Hall, 1973), suggesting that all interaction is contextualised within a social setting, the interpretation of which is important, which also influences the assessment of the relationship. For Saudis, the benefits and social context of a relationship are not separate.

In cultures that are collectivist and which have high uncertainty avoidance characteristics, the distinction between the two dimensions (affective and cognitive) of trust are complex and more pronounced than in individualistic cultures. In essence, ***affective trust*** engenders a feeling of security (Johnson & Grayson, 2005) enabling people in high uncertainty cultures, like KSA, to increase emotional links and interpersonal linking and therefore reduce levels of uncertainty. People belonging to this type of collectivist national culture regard affective trust as a pre-condition for professional engagement to occur. Therefore, Saudi managers may attach greater significance to affective trust, especially during early stages of a relationship, which becomes crucial in determining how Saudi managers assess the value of developing the

relationship further (instrumental commitment) in addition to establishing if investment should increase in establishing ***cognitive trust***, which ultimately enhances overall relationship performance.

Shared values, define the extent to which exchange partners share beliefs about what is important or unimportant with respect to behaviours, goals, and policies and right from wrong (Morgan & Hunt,1994). Heide and John (1992, p.32) define "*norms*," because they refer to "*appropriate actions*" as shared values. Similarly, Dwyer et al. (1987. p.21) posit that; "*shared values contribute to the development of commitment and trust*" (Dwyer et al.,1987. p.21). Shared values are the only construct that is a direct precursor of both relationship commitment and trust in the analysis presented by Morgan & Hunt (1994).

4.3.2 Hypotheses

As explained in Section 2.4 (page 112), because of the significant gaps in the extant literature, especially in relation to Relationship Marketing and KAM in a B2B context within the Saudi market, it was not considered appropriate to develop hypotheses directly from the extant literature as would normally be the case. Instead, the extant literature is used to develop quasi-hypotheses referred to in Section 2.4 as '*propositions*'. The purpose of the propositions is similar to that of hypotheses, in assembling cogent arguments from the body of the existing literature. However, given the biased Western orientation of the extant literature, the propositions describe what is known from a Western theoretical perspective in relation to relationship constructs and their role over the relationship development lifecycle in this Western context.

This extant body of Western literature summarised in Table 2.6 (page 76), and the propositions derived from it, show that business relationships in the West are built from a cognitive, instrumental and rational perspective. Suppliers are expected to demonstrate their credibility, capability, capacity and reliability as a key component of establishing trust and commitment (Abosag et al., 2006). It also shows that the emotional, affective and interpersonal considerations are unimportant in building business relationships (Nydell, 2012). Indeed, relationships tend to be either business or personal and a cross-over between the two is considered undesirable as it can lead to a blurring of boundaries, a conflict of interest and even give rise to ethical concerns (Nydell, 2012). The seminal research into National Culture by Hofstede (1980), explained in Section 2.2.9 (page 68), provides a useful contribution in describing the differences in culture between KSA and Western countries using Hofstede's six dimensions of national culture. However, this research is subject to abundant criticism, as explained in Appendix A2.2 (page 398), many of which are valid (Triandis, 2004; Reis et al., 2013). For the purposes of this study, therefore, the extant Western literature is not considered as providing a sufficiently robust or relevant theoretical foundation, hence the importance of the qualitative Stage 1 of this mixed method study.

As stated in Section 4.1.1 (page 182), the purpose of Stage 1 of the research methodology is to use Repertory Grid interviews to obtain qualitative data to develop a more culturally relevant and contextually specific set of hypotheses

from which a Survey Instrument can be developed. By completing this work, the propositions developed in Section 2.4 will effectively be enhanced, modified and replaced by the outcomes of this empirical data and analysis and thereby enhancing the reliability of the research process and contributions. The hypotheses presented in Table 4.3 below, describe the interrelationship between the relationship constructs and their influence on relationship performance.

Table 4.3: Hypotheses

Ref	Hypotheses
H1	***Cognitive Trust*** will have a significant positive association with ***Instrumental Commitment***
H2	***Affective Commitment*** will have a significant positive association with ***Relationship Performance***
H3	***Cognitive Trust*** will have a significant positive association with ***Relationship Performance***
H4	***Affective Trust*** will have a significant positive association with ***Inter-personal liking***
H5	***Inter-personal liking*** will have a significant positive association with ***Relationship Performance***
H6	***Affective Trust*** will have a significant positive association with ***Relationship Performance***
H7	***Affective Trust*** will have a significant positive association with ***Cognitive Trust***
H8	***Affective Commitment*** will have a significant positive association with ***Instrumental Commitment***
H9	***Instrumental Commitment*** will have a significant positive association with ***Relationship Performance***
H10	***Shared Values*** will have a significant positive association with ***Cognitive Trust***
H11	***Shared Values*** will have a significant positive association with ***Affective Trust***
H12	***Shared Values*** will have a significant positive association with ***Affective Commitment***
H13	***Shared Values*** will have a significant positive association with ***Instrumental Commitment***

4.3.3 Conceptual Model

Figure 4.6 below arranges the hypotheses into a conceptual model, that will form the basis of Stage 2 quantitative PLS-SEM modelling.

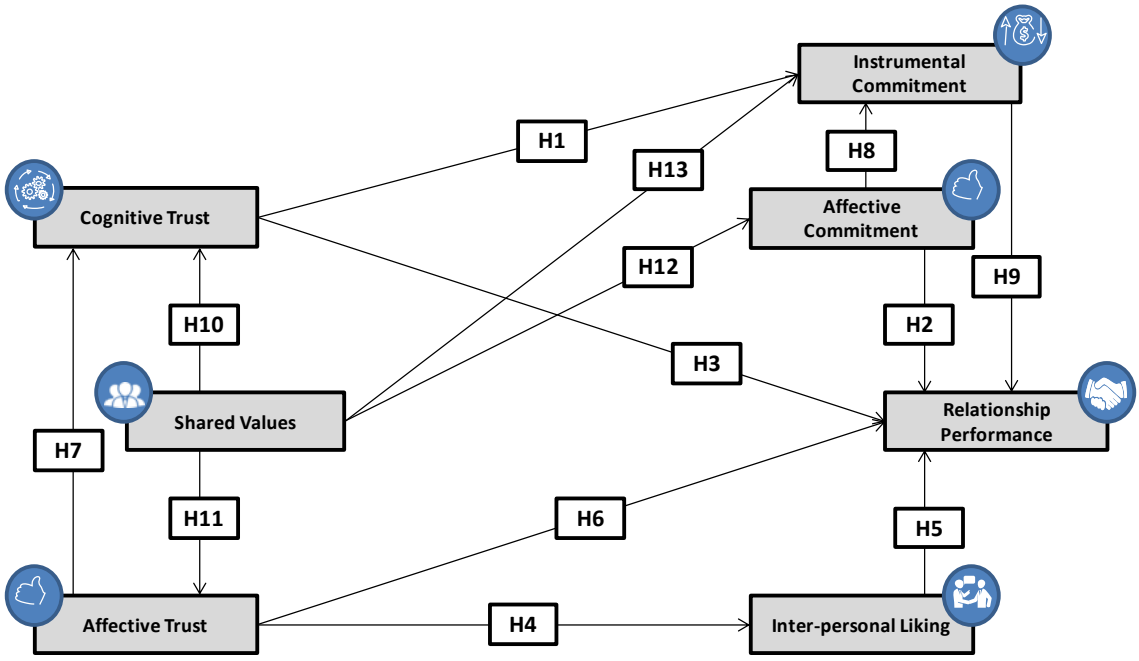


Figure 4.6: Conceptual model

4.3.4 Relationship lifecycle

Table 4.4 below summaries the key features of the relationship dynamic, derived from the qualitative analysis obtained from the repertory grid interviews, for each of the relationship stages.

Table 4.4: Summary of relationship dynamics

Relationship Stage	Definition	Key features of relationship dynamic
Early	As described in Chapter 5, the Early stage is the combination of the Awareness and Exploration stages of Jap & Ganesan's (2000) model. It involves creating awareness, enhancing one's own attractiveness while evaluating the attractiveness of the other party before moving on to considering the feasibility of the other party as an exchange partner.	The Early stage of the relationship appears to involve: the process of trust seeking; which is informed by third-party advice, social reputation and professional reputation. In turn, this gives rise to the active presence, in this early stage of the relationship development process, of relationships constructs: 'Affective Commitment'; 'Shared values'; 'Inter-personal liking', together with Cognitive Trust.
Build-Up	The stage of the process involves the early exchanges of information, social exchange episodes and the commencement of limited commercial activity. This state of the process involves uncertainty, ambiguity, risk and the need for increasing interdependence (Hakansson et al., 2009).	The Build-up stage of the relationship appears to involve the further development of 'Cognitive Trust' and the parallel development of 'Instrumental Commitment' in focusing on and being derived from, the actual performance of the Western MNC supplier. In simple terms, as the Western MNC starts to deliver on their promises 'Cognitive Trust' strengthens with the Saudi managers, and consequently, 'Instrumental Commitment' develops as the Saudi managers believe benefits will accrue and consequently commit to the relationship.
Mature/Decline	As described in Chapter 5, the Mature/Decline stages of Jap & Ganesan's (2000) model are combined. In this stage of the relationship process, the benefits and value start to accrue to the exchange partners, if the performance of the relationship is functioning as expected, a key determinate of which is the presence of trust and commitment (Doney & Cannon, 1997). Following the mature phase, the relationship enters its decline phase, as all relationships end (Jap & Ganesan's, 2000).	

The RGI provided rich qualitative data from which it different to determine patterns and draw conclusions. The findings and the most meaningful quotations to strengthen the interpretation of the data is presented below.

Early Stage

In this early stage, no relationship exists, and the findings indicate that exchange partners are looking for signs of trustworthiness and that this occurs when Saudi managers start gathering information about the trustworthiness of a potential new supplier.

"*We don't take a supplier straightaway; we do our research about his trustworthiness, reputation in the market, and what type of person he is*." (RGI#3_6)

The findings also suggest early trust seeking is influenced by three key sources of information. The first type of information is a *'third party's'* recommendation, who may be a friend, another supplier or a competitor.

"*When someone recommends a supplier to me, I ask 'Who is he? Who is his family? What do they know about him? How is he known with his customers?*" (RGI#9_3).

In a collectivist culture, this is associated with '*Affective Commitment'* in that it is derived from feelings of identification and affiliation with a potential exchange partner because of the recommendation of a friend (Wong et al., 2007). This is also consistent with the Saudi tribal sentiment of a friend of a friend is also my friend.

The second category of information is concerned with the social reputation of the exchange partner. In a conventional Saudi context, the core elements of this information category are family reputation, interpersonal liking, shared values and social behaviour (Abosag & Naude, 2013). While some of these would be straightforward to determine (for example social behaviour), others such as 'shared values' and 'interpersonal-liking' require some direct engagement between the Saudi manager and the potential Western MNC exchange partner.

"*Yes, yes, yes because you expect that a person from a respected family will be very trustworthy and frank with you. He will try his best to respect the reputation of his family*." (RGI#9_2).

In the context of a Western MNC, the role of family is replaced by that of the MNC itself in relation to reputation and general good standing of the MNC in its business dealings in the Saudi market.

"If he is from a good reputation company, he will do his best for his company and his customers." (RGI#5_8)

The third category of information is concerned with the performance reputation of the MNC supplier. A requirement for a new supplier comes from the company's business needs that must be fulfilled, therefore, finding a reliable supplier to carry out what is required is important. While corporate reputation

provides some intangible protection for the Saudi customer, performance reputation provides reassurance in creating a new relationship with a new Western MNC supplier. This need for reassurance of fulfilling the main business need gives rise to the early presence of '*Cognitive Trus*t' defined as a person's ability to complete a task to the desired level (Dowell et al., 2015).

"*Initially reputation of the supplier is the most important factor in dealing with any supplier. I may like him and to deal with a 'shining' name, but it isn't the only factor*." (RGI#5_5).

In summary, therefore, this early stage of the relationship appears to involve: the process of trust seeking; which is informed by third-party guidance, social and professional reputation. In turn, this gives rise to the active presence, in this early stage of the relationship development process, of relationships constructs: *'Affective Commitment'; 'Shared values'; 'Inter-personal liking'*, together with Cognitive Trust.

Build-up Stage

The extent of the accumulation of '*Affective Commitment', 'Inter-personal liking'*, *'Shared Values'* and '*Cognitive Trust'* from the early stage, determines whether the potential exchange partners reach the '*Build-Up'* stage. Assuming the exchange relationship gets to this stage, it has survived the early major problems.

"If we can start to work with them, it is a major success for us." (RGI#6_3)

In this *Build-Up* stage, it seems that Saudi managers focus on the competence of the supplier's performance. *'Cognitive trust'* started to develop in the early stage, and the findings point to two ways in which *'Cognitive trust'* develops further in this Saudi context during the *Build-Up* stage. First, it develops when the exchange partner performs to expectation or as promised during the early stage. Hence, '*Cognitive Trus*t' develops in direct response to the actual performance of the Western MNC.

"*A supplier's actual performance and professionalism in doing his business tell me if he is trustworthy and deserves staying with him or not*." (RGI#2_8)

Second, *'Cognitive trust'* develops when exchange partners perform unexpected small *'favours'* as this effective in increasing the Saudi customer's '*Cognitive Trust'* in the Western MNC. This is a sign of a Western MNC's competence in delivering on their promises while still doing small favours for their partner.

"*Small things help, like discount when you don't expect it, good information about the market or our performance*." (RGI#5_4).

The findings seem to indicate that with the development of *'Cognitive Trust'*, there is the parallel development of '*Instrumental Commitment'*. In being totally committed to the relationship, the exchange partners engage in cognitive and calculative psychological processes in judging the costs and benefits of the exchange relationship (Sharma et al., 2015). When both exchange partners realise *'benefits',* the relationship can be considered as fully established. The findings indicate the exchange partners look to benefit each other, and Saudi managers recognise that without this mutuality the relationship will not survive.

"*In the relationship, you need to hold the stick from the middle in a way where you maintain the benefits of both sides and maintain the confidence both sides"* (RGI#2_9).

In summary, therefore, this Build-up stage of the relationship appears to involve the further development of *'Cognitive Trust'* and the parallel development of *'Instrumental Commitment'* in focusing on and being derived from, the actual performance of the Western MNC supplier. In simple terms, as the Western MNC starts to deliver on their promises '*Cognitive Trust'* strengthens with the Saudi managers, and consequently, *'Instrumental Commitment'* develops as the Saudi managers believe benefits will accrue and consequently commit to the relationship.

What is not clear from the data is the extent to which *Affective Commitment'; 'Shared values', and 'Inter-personal liking'* are still present and necessary in this Build-Up stage.

Mature/decline Stage

The extant literature posits that mutuality must be reciprocated by exchange partners (Gao *et al*., 2005). With respect to Saudi managers, the findings seem

to suggest that business benefits together with personal appreciation are the key factors associated with strong relationship performance.

"*The long-term future of my relationship with my supplier is driven by our respect for each other and maintaining the standard of our performance*." (RGI#7_8)

The findings allude to Saudi managers, in the 'Mature/decline' stage, develop a bond with suppliers due to factors such as corporate reputation ('*Affective Trust'*), '*Shared Values'*, 'Interpersonal liking', '*Cognitive Trust'*, and '*Mutual Benefits'* (Instrumental Commitment). This aggregate *'gratitude* dynamic' (Abosag & Lee, 2013) results in a long-term commitment by both partners providing greater flexibility together with mutual custodianship of the performance of the relationship and appreciation of social and business benefits both partners accrue. In essence, a strengthening of '*Instrumental Commitment'* and the development of '*Affective Trust'*. Defined as interpersonal reciprocity and connectedness (McAllister, 1995), '*Affective trust'* is the intuition, based on feelings, care and the concern that the partner demonstrates and reciprocates as demonstrated through appropriate actions and communications (Johnson-George & Swap, 1982).

"*I look after the relationship with him because he is a man with values, keeps his word and I trust him on my own business; I allow him to make decisions that he likes*." (RGI#2_5)

A high level of instrumental commitment together with the development of '*Affective Trust*' combined with significant levels of likability can lead to the development of what Abosag and Lee (2013) call an ***Et-Moone*** relationship, which seems to be unique to the Saudi business context (Abosag & Lee, 2013). Saudi managers appear to use the term *'Et-Moone'* to describe a very special type of relationship with their intimate and closest business partners. It seems that '*Et-Moone'* originally developed in social interactions where the presence of this relationship gives partners more space and power in the relationship without the need to ask for prior permission (Abosag & Lee, 2013). Unlike conventional Saudi business relationships involving significant mutuality,

partners in Et-Moone relationships seldom require or expect a return on their actions, immediately or even in future.

"*You always need to be prepared to help your real friend who Et-Moone on you. If he is in bad situation and need more helps then you shouldn't expect any return on your helps"* (RGI#8_5)

The findings suggest that the number of Et-Moone relationships is small in any Saudi manager's business life. One reason for this may be due to the significant level of investments needed to achieve strong inter-personal liking between managers.

"*Not everyone can Et-Moone. You know this; when he is a good person, trustworthiness, honesty and consistency are important*." (RGI#10_3).

The findings also suggest that Et-Moone relationships between Saudi customers and Western MNCs are unlikely to develop because the psychic distance and culture gap is too great.

"For us to *Et-Moon on him, he needs to be one of us. We need to understand him, his roots, background and family.*" (RGI#10_8).

However, the findings also show that strong long-term business relationships can exist between Saudi customer organisations and Western MNCs as long the appropriate dimensions of trust and commitment are developed during the relationships stages together with inter-personal liking and shared values.

"Long-term relationship with Western company is ok and possible, but they must show that want to be with us, show appreciation and deliver what they say. If they do this, then no problem". (RGI#7_9).

Table 4.5 below summaries the findings in relation to the relationship constructs and the extent to which they play an active role, versus a more passive role during the relationship stages.

Table 4.5: Summary of relationship constructs by stage

Influence on relationship performance across relationship life-cycle			
Relationship Construct	**Relationship Stages**		
	Early	**Build-Up**	**Mature/Decline**
Affective Commitment	High	Medium	Low
Affective Trust	Low	Medium	High
Cognitive Trust	Medium	High	High
Instrumental Commitment	Low	High	Medium
Inter-personal liking	High	Medium	Low
Shared values	High	High	High

For example, the findings indicate that the '*Affective Commitment'* relationship construct is very active during the Early stage, denoted by '*High*', whereas it is less active in the Build-up stage, denoted by *'Medium'* and more passive in the Mature/Decline stage, denoted by *'Low'*.

Hypotheses – relationship lifecycle

The summary of results provided in Table 4.5 above is used as the basis for the development of the hypotheses presented in Table 4.6 below.

Table 4.6: Hypotheses – relationship lifecycle

Ref	Hypotheses relating to Relationship Development lifecycle
H14	***Cognitive Trust*** will have a significantly larger association with ***Relationship Performance***, in the later Mature/decline stage of the relationship development lifecycle
H15	***Affective Trust*** will have a significantly larger association with ***Relationship Performance***, in the Mature/decline stage of the relationship development lifecycle
H16	***Shared Values*** will have a significantly larger association with ***Relationship Performance***, in all stages of the relationship development lifecycle
H17	***Interpersonal Liking*** will have a significantly larger association with ***Relationship Performance***, in the Early stage of the relationship development lifecycle
H18	***Instrumental Commitment*** will have a significantly larger association with *Relationship Performance*, in the later Build-up stage of the relationship development lifecycle
H19	***Affective Commitment*** will have a significantly larger association with ***Relationship Performance***, in the Early stage of the relationship development lifecycle

Conceptual model – relationship lifecycle

Figure 4.7 below hypothesises in which parts of the relationship development lifecycle the relationship constructs are likely to be most active in influencing relationship performance.

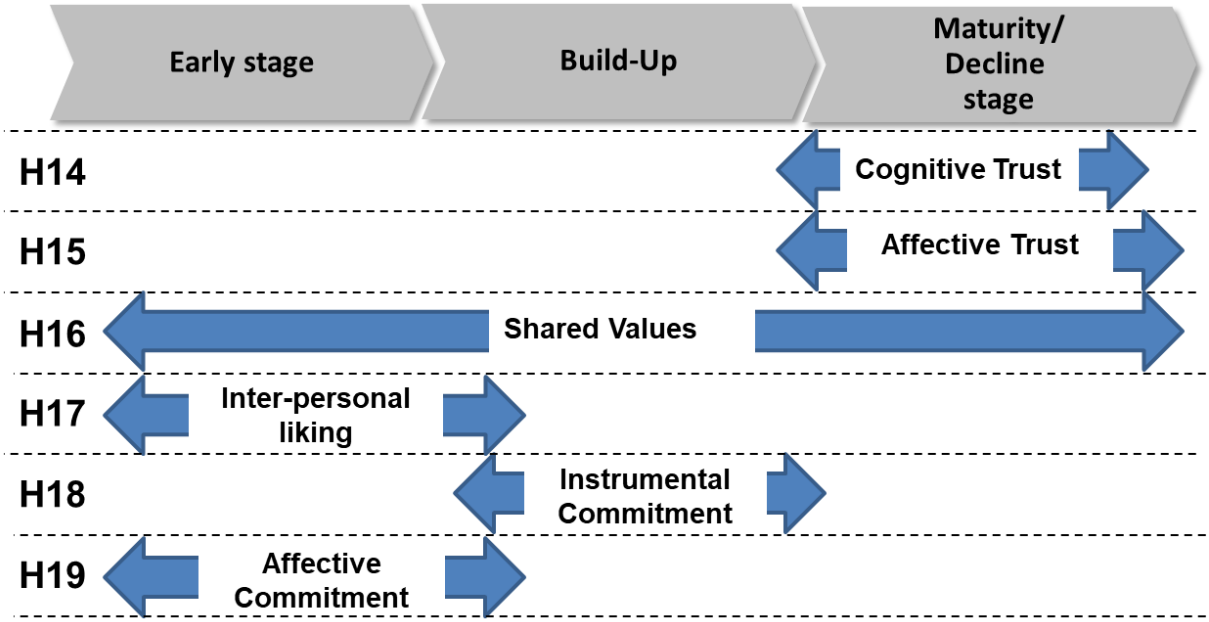


Figure 4.7: Conceptual model – relationship lifecycle

4.4 Survey instrument design

As explained above, Stage 1 of this research design was substantially, but not exclusively, concerned with instrument design. In the context of this study, the instrument is a Survey.

The scale of the survey instrument has been obtained by content analysis applied to the qualitative data obtained from the repertory grid interviews, and comprises seven relationship constructs: *Affective commitment; Instrumental commitment (split into two parts – positive and negative); Affective trust; Cognitive trust, Interpersonal liking and Shared values*, plus '*Relationship Performance'* which is the dependent variable.

The scale items have been selected from relevant empirical studies (Abosag et al., 2006; Dowell et al., 2015), with only very minor adjustments made to them following face validity testing. The scales items have also been validated using the RGI qualitative data.

As explained in Section 3.4.5 (page 167), survey instrument scale items are used to operationalise the six relationship constructs derived the content analysis of the Repertory Grid qualitative data, as shown in Table 4.7 below.

Table 4.7: Survey instrument scale and scale items

Pre-validated scales items	Reference
Affective Commitment (Emotional)	
The Western MNC Supplier is committed to our relationship	Dowell et al., 2015
The Western MNC Supplier always have good intentions towards us	Dowell et al., 2015
The Western MNC Supplier invests in our relationship	Dowell et al., 2015
We enjoy working with our Western MNC Supplier	Dowell et al., 2015
Instrumental Commitment (Positive: Calculative)	
The Western MNC Supplier is reasonable in pricing	Abosag et al., 2006
The Western MNC Supplier is prepared to make financial investment	Abosag et al., 2006
The Western MNC Supplier is more capable compared to other suppliers	Abosag et al., 2006
The Western MNC Supplier has a very good reputation, for quality, innovation & fairness	Abosag et al., 2006
Instrumental Commitment (Negative: Lock-in)	
We work with the Western MNC Supplier because there is no alternative	Dowell et al., 2015
It would be too costly to change our relationship with the Western MNC Supplier	Dowell et al., 2015
The other suppliers are more expensive than our Western MNC Supplier	Dowell et al., 2015
There is too much risk in changing our relationship with our Western MNC Supplier	Dowell et al., 2015
Cognitive Trust	
The Supplier's Account Manager has made sacrifices for us in the past	Dowell et al., 2015
The Supplier's Account Manager prioritises our needs above others	Dowell et al., 2015
The Supplier's Account Manager is very competent	Dowell et al., 2015
The Supplier's Account Manager is very dependable	Dowell et al., 2015
Affective Trust	
We freely share ideas, feelings and hopes with the Western MNC Supplier	Dowell et al., 2015
When I share problems with them, the Western MNC Supplier listens carefully	Dowell et al., 2015
When I share problems with them, they respond constructively and caringly	Dowell et al., 2015
My instincts tell me I can trust the Western MNC Supplier	Dowell et al., 2015
Interpersonal liking	
Our personal relationship improves our business relationship	Dowell et al., 2015
We would be friends without the business relationship	Dowell et al., 2015
I like my Supplier's Account Manager as much as my other friends	Dowell et al., 2015
I enjoy my Supplier's Account Manager company/presence	Dowell et al., 2015
Shared Values	
The existence of shared values contributes significantly to the performance of our relationship	Abosag et al., 2006
Having shared values increases the level of trust between us	Abosag et al., 2006
The existence of shared values increases the level of commitment from the Western MNC	Abosag et al., 2006
The presence of shared values enhances my relationship with the Western MNC Account Manager	Abosag et al., 2006
Relationship Performance	
This relationship has contributed to improving our business performance	Dowell et al., 2015
The performance of the relationship is improving over time	Dowell et al., 2015
We are getting the benefits we expected when we joined this relationship	Dowell et al., 2015
Overall I am satisfied with the performance from our relationship	Dowell et al., 2015

Relationship Performance is the dependent variable and operationalised in Section 2 of the survey instrument using a four-item scale adapted from Dowell et al., 2015 which in turn was adapted from Morrow et al., 2004. The six constructs derived from the content analysis of the qualitative data provided by the Repertory Grid Interviews (Affective commitment; Instrumental commitment Affective trust; Cognitive trust, Interpersonal liking and Shared values) are the *Independent variables* and are also operationalised in Section 2 of the survey instrument using a four-item scale adapted from Dowell et al., 2015 and Abosag et al., 2006, as shown above in Table 4.7. The final version of the survey instrument is provided in Appendix A3.3.

4.5 Comparison of Propositions and Hypotheses

Table 4.7 below provides a comparison of the six relationship constructs derived from Stage 1 of this mixed method study using content analysis, with those derived from the extant literature and provided in Section 2.4 in developing the '*Propositions*'.

Table 4.7: Comparison of differences between relationship constructs

	Summary of differences in Relationship Constructs			
	Relationship Constructs	**Propositions (Section 2.4)**	**Stage 1 Outcomes**	**Comments**
Constructs	Affective Commitment	Very Low	High	This is a very significant area of difference, especially in the early stages of the relationship development process, where the Stage 1 findings suggest that this is not present in the West, but very important in Saudi.
	Affective Trust	Low	High	Significant difference. Of limited utility in the West, but the Stage 1 findings suggest significant in a Saudi context later in the relationship lifecycle.
	Cognitive Trust	High	Low	Very significant difference. This is considered as important in the West especially in the instrumental context of delivering the promises made. The stage 1 findings such that this is relevant but less so than in the West.
	Instrument Commitment	High	Medium	This is a significant area of difference and of significant importance in the West aligned to SET CLAIt and a calculative process of deciding whether to continue with a relationship or not. The Stage 1 findings suggest this has important but in a less pronounced manner.
	Inter-personal liking	Medium	High	In a Western context, this is interwoven with a structural orientation in that what is exchanged is valued more than the relationship itself. In a Saudi context, the opposite is implied by the Stage 1 outcomes.
	Shared Values	Medium	High	Again, in a Western context, this is interwoven with a structural orientation in that shared values are associated with the taking of 'appropriate actions' and having *'shared goals'.* In Saudi Shared values has a much wider social and religious connotation.

As can be seen from Table 4.7, there are a number of areas of significant difference between the Propositions developed from the extant Western literature in Section 2.4 and the findings obtained from Stage 1 of this study. For example, the importance of Affective Commitment in Saudi whereas this seems less significant in a Western context. Also constructs such as '*Inter-personal liking'* may appear to be superficially the same or similar, whereas they have a very different culturally specific connotation, as alluded to in Table 4.7. In the

West, what is exchanged is often more important than the person doing the exchanging or the relationship its self, hence '*Inter-personal liking'* seems to have a strong structural orientation. In Saudi, it appears to be the opposite. People are valued above the task, and who is doing the exchanging is more important than what is being exchanged. There does appear, therefore, to be a deeply social, emotional and affective aspect to '*Inter-personal liking'* in Saudi.

The differences between the relationship constructs described in Table 4.7 above becomes more apparent when considered across the relationship development lifecycle, as illustrated in Figure 4.7 below.

Derived from the extant Western literature (see Section 2.4), the top part of Figure 4.7, shows the Propositions P7 to P12 inclusive, including where in the relationship lifecycle the relationship constructs play a more active role in influencing relationship performance. For example, proposition **P7**, suggests that Cognitive Trust is likely to have a significant influence on relationship performance during the early Awareness and Exploration phases of the relationship. Whereas Affective Trust will have a small influence on relationship performance in the late Maturity and Decline/Deterioration phases.

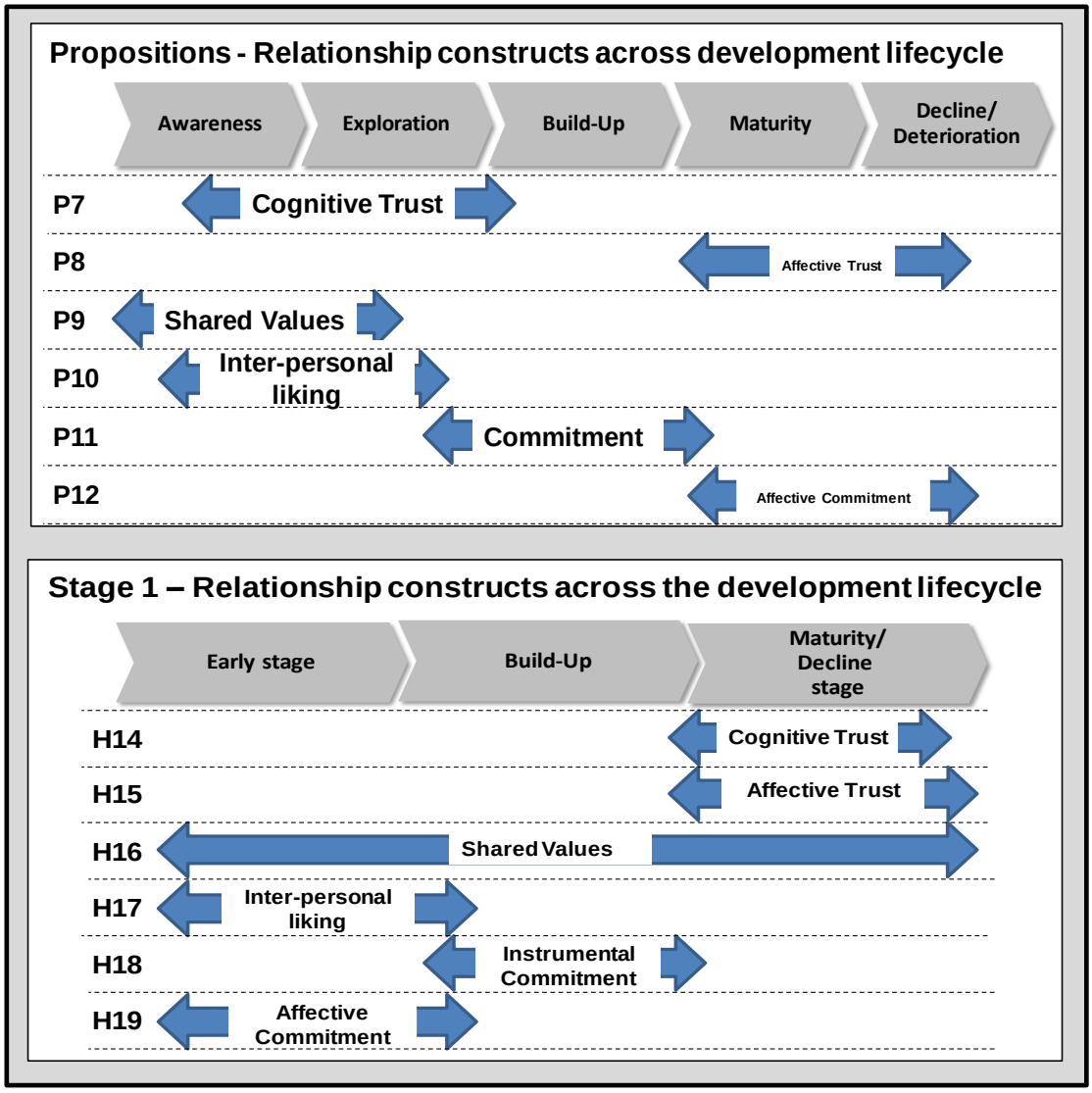


Figure 4.7 – Comparison of Proposition and Stage 1

In sharp contrast to the Propositions derived in Section 2.4 the Hypotheses H14 to H19 inclusive, derived from Stage 1 of the research process, are shown in the bottom part of Figure 4.7. A visual inspection of Figure 4.7 illustrates the different perspectives provided by the extant Western literature (Section 2.4) and that provided by the inductive qualitative inquiry of Stage 1 of the empirical phase of this study.

Particularly noteworthy is, Affective Commitment, and it presence during the early stage of the relationship development process. The is contrary to what would be expected in a Western context. Commitment (P11) in a Western context, is usually associated with Instrumental Commitment (H18) and the satisfying of the SET concept of CLalt. Affective Commitment (H19) appears to have very limited utility in the West. Whilst appearing similar, *Shared Values (P9, & H16)* and *Inter-personal liking (P10 & H17)* have a very specific context

when viewed from a Western and Saudi perspective. As described above, there are in effective addressing very specific needs within their respective cultures.

In conclusion, the inductive qualitative empirical Stage 1 of this study has provided a culturally relevant and contextually specific set of hypotheses from which a Survey Instrument is developed. In so doing, the Propositions developed in Section 2.4 have been revisited and replaced by the outcomes of this empirical inquiry. It is argued that this Stage 1 has provided this study with a much more robust theoretical foundation, based on robust empirical evidence.

Chapter 5

Stage 2 - Survey instrument data analysis

5.0 Introduction

The specific purpose of this Chapter is to use appropriate tools to analyse the collected quantitative data and present findings from Stage 2 (Survey Instrument) of the research methodology.

5.1 Descriptive statistics

This section presents the descriptive statistics of the data collected using the survey instrument.

5.1.1 Response rate

The response rate to the survey instrument method is shown below in Table 5.1.

Table 5.1: Survey instrument response rate

Survey Instruments issued			Response rate			Useable Response rate
Approach	**Total Issued**	**%**	**Actual**	**%**	**Usable**	**%**
Web-based Qualtrics™	1356	78%	162	12%	142	10%
Drop-off & collect	203	12%	203	100%	195	96%
Structured interview	183	11%	183	100%	174	95%
Total	**1742**	**100%**	**548**	**31%**	**511**	**29%**

5.1.2 Survey instrument respondents

The characteristics of the five hundred and eleven Saudi managers, from seventy Saudi customer organisations that responded to the survey, are described below.

Years of experience: The mean number of years of overall work experience of the 511 respondents is 18.14 years, with approximately 65% having between 11 and 20 years' experience, as shown in Figure 5.1 below.

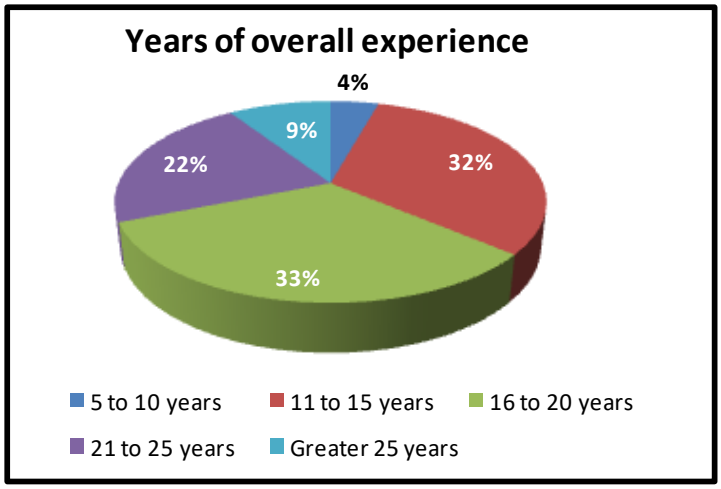


Figure 5.1: Respondents years of overall experience

The mean number of years of work experience of the 511 respondents, in working with Western MNCs, is 15.03 years. 68% of respondents have between 5 to 15 years' experience while 32% have 16 to greater than 25 years of experience in working with Western MNCs as shown in Figure 5.2 below.

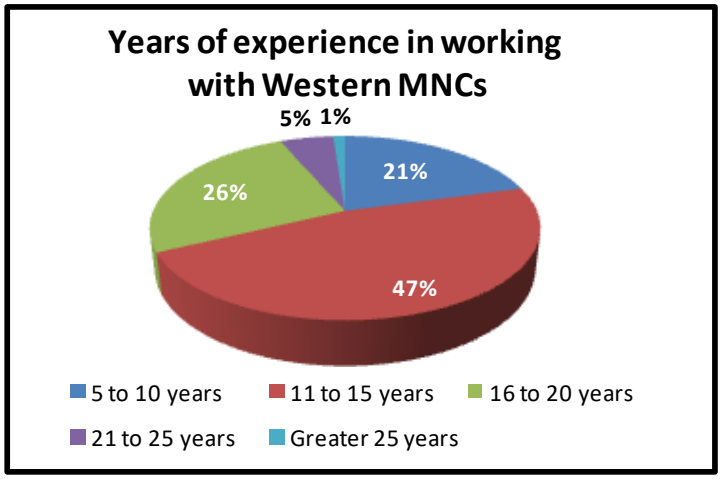


Figure 5.2: Year of experience in working with Western MNCs

Role of the respondents: The survey instrument respondents occupy ten different job roles in their interactions with Western MNCs. The largest job role at 27% is that of IT Managers with Operations Managers at 24%. The remaining eight roles, representing 48% of the respondents, include the senior management roles of General Managers, Sales and Marketing executives together with operational roles such as Procurement Managers and Project Managers as shown in Figure 5.3 below.

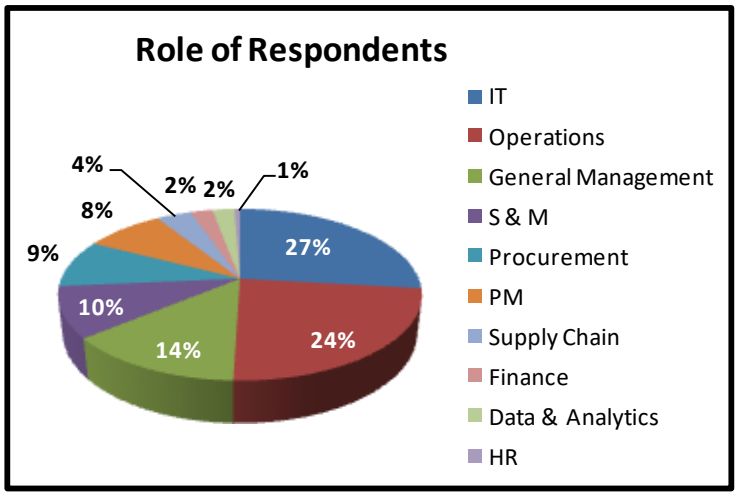


Figure 5.3: Role of Respondents

Qualifications of the respondents: All 511 of the respondents are graduates with a bachelor degree, in addition to which 89% also possess a post-graduate master's degree qualification and/or doctoral training as shown in Figure 5.4 below.

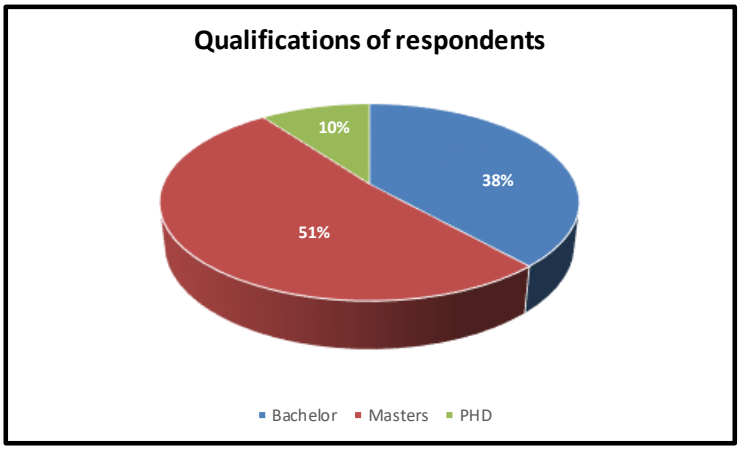


Figure 5.4: Qualifications of respondents

Sector: The 511 respondents are employed by 70 Saudi customer organisations who are engaged with Western MNCs in 16 sectors of the Saudi economy. The largest sector at 24% is the central Government which includes Governmental agencies and directorates and other fully Government owned and nationalised bodies. The second largest at 13% is the Financial Services sector which includes retail, corporate, investment and wealth management banks and insurance companies. At 13%, the third largest sector is Electricity and Water utility companies. The remaining 13 sectors, accounting for 50% of the respondents including Oil, Telecommunications, Manufacturing and Consumer Products companies as shown in Figure 5.5 below.

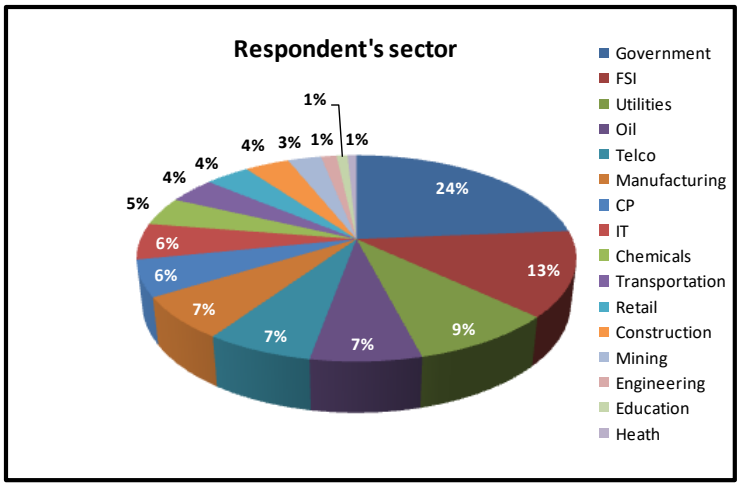


Figure 5.5: Respondent's sector of employment

5.1.3 Relationship development stages

As explained in Chapter 3, the Survey Instrument requested respondents to anchor their reply to the survey to a specific stage of the relationship development process. The results from the survey instrument, by relationship development stage, are shown in Table 5.2 below.

Table 5.2: Survey response by relationship stage

Response by relationship development stages	No.	%
Stage 1 - Awareness	55	11%
Stage 2 - Exploration	118	23%
Stage 3 - Build-Up	120	23%
Stage 4 - Maturity	168	33%
Stage 5 - Decline/Deterioration	50	10%
Total =	**511**	**100%**

The primary reason for requesting respondents to anchor their replies to a specific stage of the relationship development process was to understand their attitude to the relationship development constructs and therefore determined how these evolve over the relationship lifecycle. The eight relationship constructs shown in Table 5.3 below were derived using content analysis, from the repertory grid interviews, as explained in Chapter 4.

Table 5.3 below shows the overall mean scores for the eight relationship constructs together with the means core for each of the five relationship development stages.

Table 5.3: Relationship construct mean scores by relationship stage

Relationship construct	Mean score by relationship stage					
	Overall	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Affective Commitment	5.04	5.87	6.41	4.38	4.39	4.65
Instrumental Commitment	4.54	4.30	4.07	5.05	4.54	4.62
Instrumental Commitment -ve	2.84	3.09	2.74	3.12	2.64	2.76
Cognitive Trust	4.75	4.20	4.00	6.15	4.44	4.86
Affective Trust	5.25	4.27	4.01	4.46	6.60	6.60
Interpersonal liking	4.86	5.46	6.13	4.28	4.26	4.58
Relationship performance	6.10	5.34	5.55	6.28	6.47	6.53
Shared Values	5.62	5.17	5.26	5.83	5.80	5.81

As can be seen from Table 5.3 above, the mean scores for the eight relationship constructs vary, in some cases significantly, across the relationship lifecycle. For example, '*Cognitive Trust'* has a relatively low mean score in stage 2 (4.00), a high score in stage 4 (6.15) and a low score in stage 5 (4.86). Whereas in contrast *'Interpersonal liking'* has a high score in stage 2 (6.13), and low scores in stages 3 (4.28), 4 (4.26) and 5 (4.58).

The relative peaks and troughs of the mean scores of the eight relationship constructs are illustrated in Figure 5.6 below. This analysis supports Wilson's (1995) contention (see Section 2.1.9) that the different constructs are either more active or less active/passive, at different stages in the relationship development lifecycle.

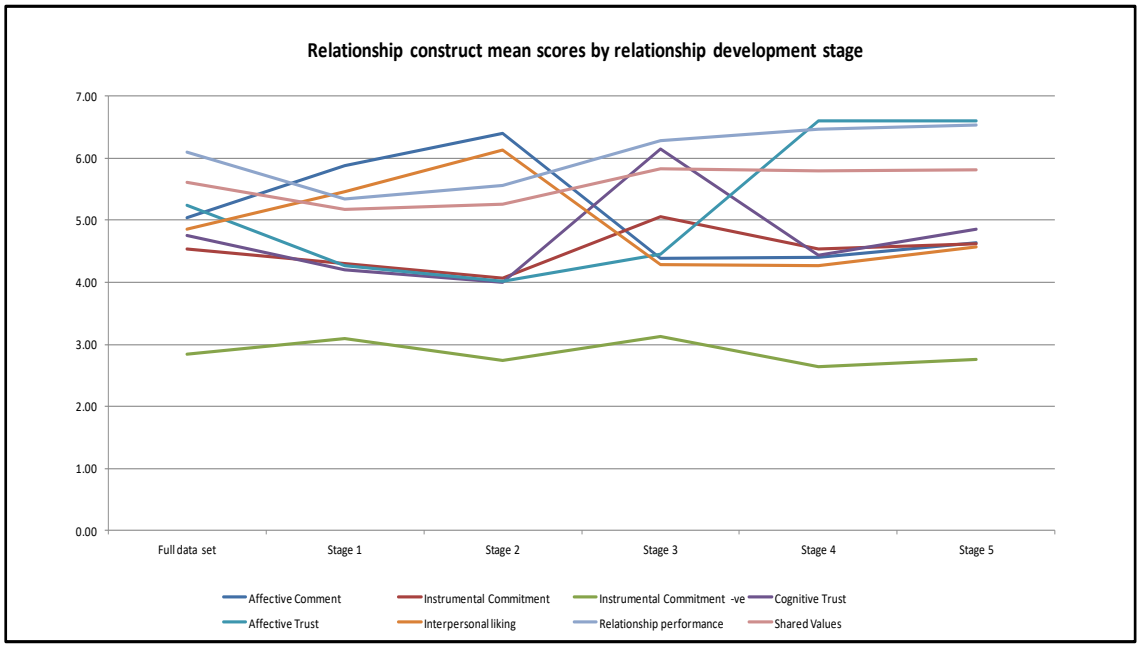


Figure 5.6: Relationship construct mean scores by relationship development stage

The relative peaks and troughs of the mean scores of the eight relationship constructs are further illustrated in Figure 5.7 below. In this illustration, it can be more clearly observed that '*Negative Instrumental Commitment'* has a relatively low score across all five relationship development stages whereas '*Cognitive Trust*', '*Affective Trust' and 'Interpersonal liking'* all have their peak mean scores in different stages of the relationship development lifecycle.

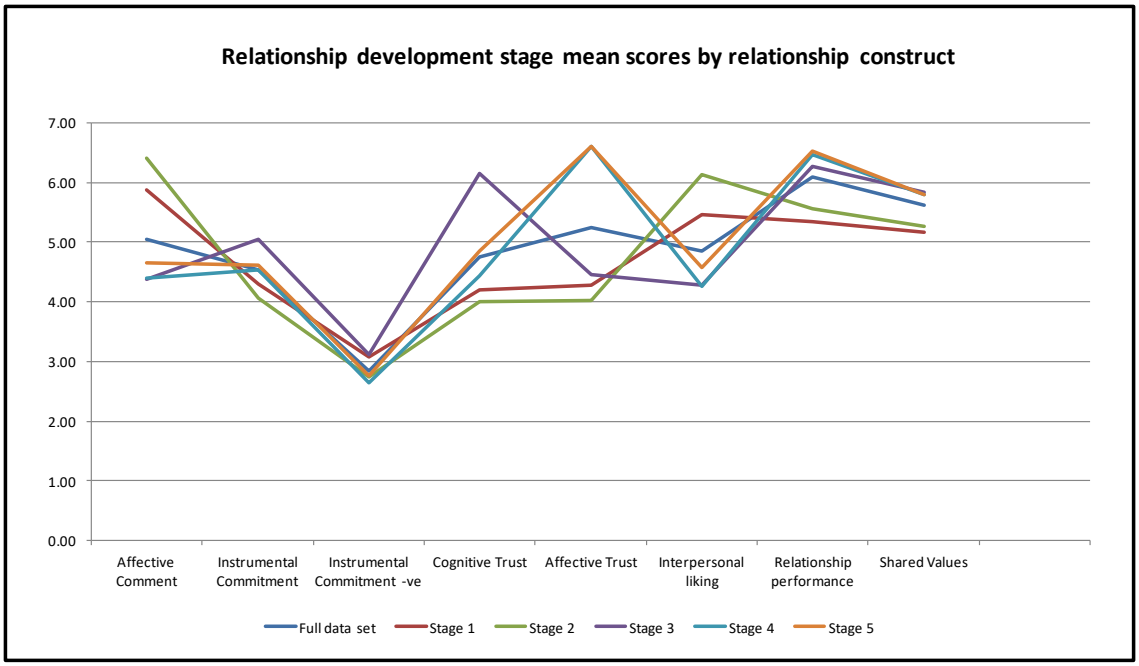


Figure 5.7: Relationship development stage mean scores by relationship construct

A further observation arising from the analysis of the mean scores of the eight relationship constructs across the five relationship development stages is that both the mean scores and their profile are very similar for stages 1 and 2. The mean scores for stages 4 and 5 are also very similar whereas the mean scores for stage 3 remain distinctly different from stages 1 and 2, and stages 4 and 5. This distinctive pattern is illustrated in Figure 5.8 below.

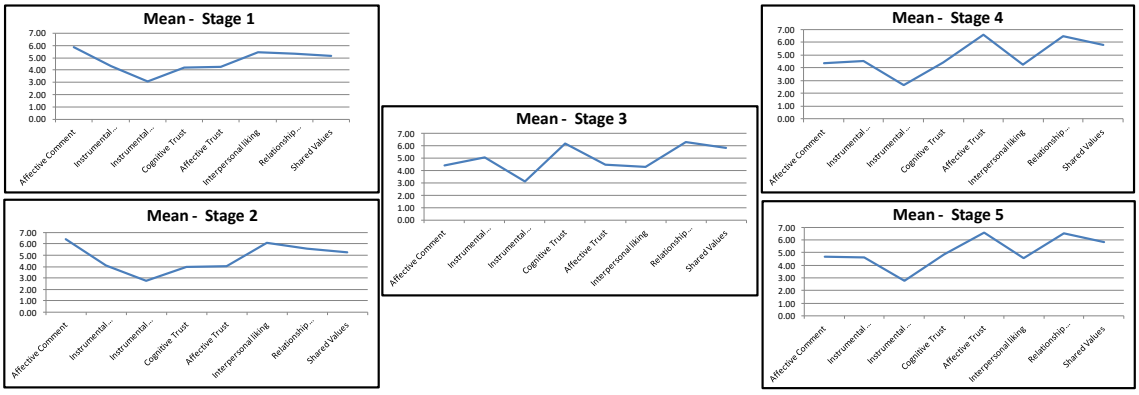


Figure 5.8: Mean profile for all five stages

Arising from this finding is the question of whether stages 1 and 2, and stages 4 and 5, are meaningful separate individual stages from which significant insights can be gleaned? Or whether they are sufficiently similar, determined by analysis of their mean scores, to be combined? Taking into consideration the relatively low response rates for stage 1 (50, 11%) and stage 5 (55, 10%) a decision was made to combine the responses for stages 1 and 2 and rename this '*early stage'* which has a combined sample size of 173. Similarly stages 4 and 5 were combined and renamed *'mature/decline'* stage with a combined sample size of 218. Stage 3 remains unchanged and has been renamed '*build-up'* stage with a sample size of 120. This is consistent with the nomenclature used in previous studies (Dowell et al., 2016; Terawatanayong et al., 2007).

The combined mean scores for the *'early', 'build-up'* and '*mature/decline'* are shown in Table 5.4 below.

Table 5.4: Relationship construct mean scores for three stages

	Relationship Stage mean scores		
Relationship constructs	**Early**	**Build-up**	**Mature/Decline**
Affective Commitment	6.24	4.38	4.45
Instrumental Commitment	4.14	5.05	4.56
Instrumental Commitment -ve	2.85	3.12	2.67
Cognitive Trust	4.06	6.15	4.54
Affective Trust	4.10	4.46	6.60
Interpersonal liking	5.91	4.28	4.33
Relationship performance	5.49	6.28	6.48
Shared Values	5.23	5.83	5.80

The relative peaks and troughs of the mean scores of the eight relationship constructs over the three stages of relationship development are illustrated in Figure 5.9 below.

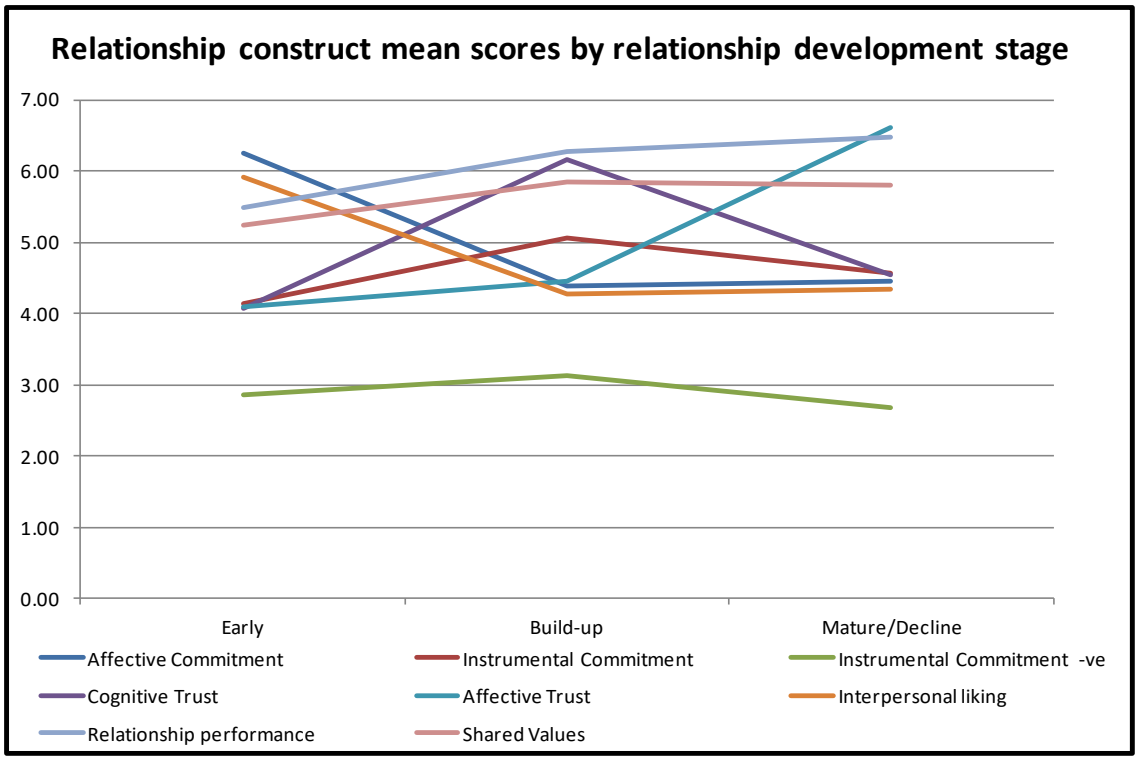


Figure 5.9: Relationship construct mean scores by relationship development stage

The relative peaks and troughs of the mean scores of the eight relationship constructs are further illustrated in Figure 5.10 below across the three relationship stages. In this illustration, with three relationship stages, it can be more clearly observed that '*Negative Instrumental Commitment'* has a relatively low score across all five relationship development stages whereas '*Cognitive Trust*', '*Affective Trust' and 'Interpersonal liking'* all have their peak mean scores in different stages of the relationship development lifecycle.

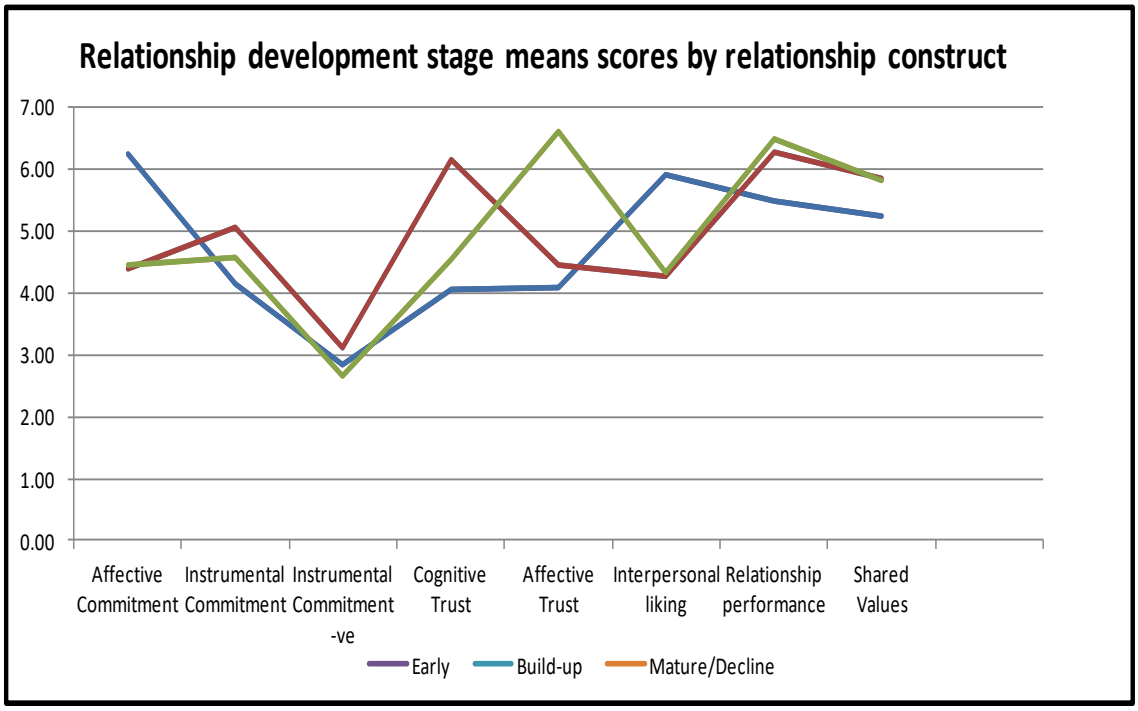


Figure 5.10: Relationship development stage mean scores by relationship construct

Figure 5.11 below provides a coloured coded heat-map, created by ranking the mean scores of the constructs in each stage, further illustrating how the different relationship constructs become more or less active/passive during the relationship development process.

	Relationship Stage		
Mean Scores	**Early**	**Build-Up**	**Mature/Dec**
High	AffectCom	RelPerf	**AffTrust**
	InterPer	CogTrust	RelPerf
	RelPerf	SharedVal	SharedVal
	SharedVal	InstCom	CogTrust
Medium	CogTrust	**AffTrust**	InstCom
	InstCom	AffectCom	AffectCom
	AffTrust	InterPer	InterPer
Low	InstComn	InstComn	InstComn

Figure 5.11: Relationship construct heat-map

To test the significance of the differences of the mean values across the relationship stages an analysis of variance (ANOVA) was calculated, using SPSS, the results of which are provided in Appendix A5.1. All values of 'sig' are below 0.05, and therefore the mean values of the relationship constructs are considered to be statistically significant.

5.2 PLS-SEM Analysis

In this Section, the quantitative analysis of the quantitative data obtained from the survey instrument responses is presented in conducting the PLS-SEM analysis. The analysis has been conducted in accordance with the method and procedure explained in Section 3.5.

The quality assessment criteria for the PLS-SEM measurement models, together with authoritative references, is provided below in Table 5.5.

Table 5.5: Summary of measurement model quality assessment criteria

Measurement model quality assessment		
Method	**Criteria**	**Reference**
Convergent validity	AVE > **0.50**	Fornell & Larcker, 1981; Henseler et al 2016
Discriminant validity	HTMT < **0.90**	Akrout & Diallo, 2017; Hair et al., 2017
Internal consistency reliability	CR > **0.70**	Henseler et al 2016; Hair et al., 2017
Collinearity issues	VIF < **5**	Hair et al., 2017
Goodness of fit	SRMR <**0.08**	Hu & Bentler, 1998; Henseler et al., 2014
Model convergence	Max iterations ***300***	Hair et al., 2017
Outer model loadings	Loadings > ***0.70***	Hair et al., 2017

In addition to the consideration of PLS-SEM measurement model quality assessment criteria described above, the presence of '*common method'* and '*non-response'* bias are also assessed as follows:

Common method bias*: "exists when some of the differential covariances amongst the items is due to the measurement approach rather than the substantive latent factor"* (Brown, 2006, p.159).

Non-response bias: occurs when *"those who respond are likely to differ substantially from those who do not respond*" (Aaker et al., 2001, p. 244) and typically happens because of a refusal to participate, non-contact or non-coverage (Mathew & Diamantopoulos, 1995). Armstrong and Overton (1977) recommend randomly selecting data gathered from early respondents and comparing it to those of late respondents as a means of testing for non-response bias (Claycomb & Franwick, 2010).

Having satisfied the quality assessment criteria described above, Table 5.6 below provides a summary of the PLS-SEM structural model assessment criteria, again with authoritative references.

Table 5.6: Summary of criteria for structural model assessment (adapted from Hair et al., 2017 & Henseler et al., 2016).

PLS structural model assessment criteria		
Model component	Criteria	Reference
Step 1- Direct, Indirect and Total effects	Path coefficient - Small ***0.02***, Medium ***0.15***, and Strong ***0.35***. Statistically significant at ***1.96*** absolute value at 95% confidence level (2-tail). *t*-value >***1.96***, *p*-value <**0.05** at the 5% significant level.	Cohen, 1988 & 1992
Step 2- Endogenous variables	R^2 & R^2 Adjusted ~ weak 0.25, moderate 0.50, substantial 0.75.	Wong, 2013 Henseler et al, 2016 Hair et al, 2017
Step 3 - f^2 effect size	Effect size - Small ***0.02***, Medium ***0.15***, Strong ***0.35***.	Cohen, 1988 & 1992 Hair et al., 2017
Step 4 - Stone-Geisser's Q^2 value	$Q^2 > 0$	Geisser, 1974; Stone, 1974 Hair et al, 2017
Step 5 - q^2 effect size	Effect size - Small ***0.02***, Medium ***0.15***, Strong ***0.35***.	Hair et al., 2017

Four models are separately assessed using PLS-SEM. The first model uses the full data-set of 511 responses obtained from respondents to the survey instrument. The other three models use a subset of the 511 responses corresponding to the three relationship development stages of *Early Stage* (n=173); *Build-up* (n=120); *Mature/decline* (n=218), as illustrated in Figure 5.12 below.

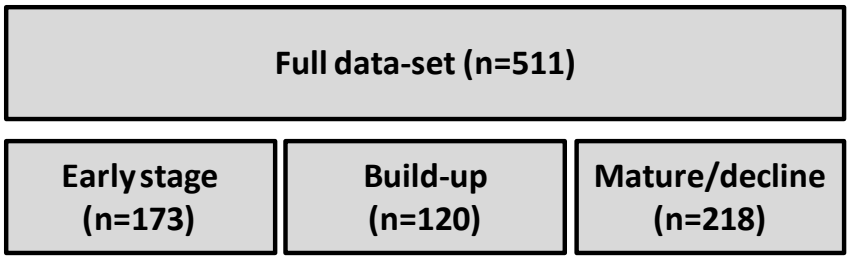


Figure 5.12: Four PLS-SEM analysis models

The four models described above, test the hypotheses and conceptual model presented in Section 4.3 above.

5.2.1 Full data-set PLS-SEM analysis

The results of the PLS-SEM analysis using the full data-set (*n=511*) is presented below. The analysis starts with the results of the factor analysis and descriptive statistics and is then followed by the presentation of the results for PLS-SEM measurement model quality assessment and the PLS-SEM structural model assessment relating to the testing of the hypotheses.

Descriptive statistics and factor analysis

Table 5.7 below summarises the descriptive statistics for the full data-set including the initial analysis relating to the correctness and completeness of the full data-set, scale validity, goodness of fit and suitability for factor analysis, calculated using SPSS software.

The initial validity of the data-set was assessed using: Kaiser-Meyer-Olkin's (KMO) testing for sampling adequacy; Bartlett's test of sphericity; communality analysis and anti-image correlation analysis. The results are provided in Table 5.7 below and exceed the threshold criteria for the tests performed. On the basis of these results, factor reduction was not deemed necessary, and all constructs were retained for PLS-SEM analysis.

Table 5.7: Summary of descriptive statistics and factor analysis – full dataset

Parameter	Reported value	Criteria
Number of responses	511	**n**
Validity		
KMO	0.880	>0.5
Communalities	All above 0.3	All >0.3
Bartlett's	0.000	<0.05
Anti-image correlation	All above 0.5	All >0.5
Goodness of Fit		
Chi Square	>0.05	>0.05
Factors		
Number of factors	8	No.
Accounting for...% Variance	84.65	%
Descriptive stats:	1.57	High SD
	0.78	Low SD
	0.23	CV
	4.59	Overall Mean
	1.07	Overall SD

The overall mean value of ***4.59***, the overall standard deviation (SD) of ***1.07*** and the resulting coefficient of variance (CV) of ***0.23*** suggests that the data is fairly tightly clustered around the mean value of the data-set.

Table 5.8 below provides the mean values, SD and correlations relating to the relationships constructs.

Table 5.8: Mean, standard deviation and correlations – full dataset

Full data set	Mean	SD	Ref	Correlations							
Relationship Constructs				1	2	3	4	5	6	7	8
Affective Commitment	5.04	1.22	1								
Instrumental Commitment	4.54	0.88	2	-0.27							
Instrumental Commitment -ve	2.84	0.94	3	0.03	0.14						
Cognitive Trust	4.75	1.06	4	-0.35	0.38	0.16					
Affective Trust	5.25	1.41	5	-0.52	0.09	-0.15	-0.08				
Interpersonal liking	4.86	1.27	6	***0.72***	-0.21	0.01	-0.31	-0.43			
Relationship performance	6.10	0.94	7	-0.24	0.05	-0.14	0.12	0.30	-0.20		
Shared Values	5.62	0.80	8	-0.22	0.17	-0.07	0.24	0.23	-0.15	0.20	

Relationship performance has the highest mean value of ***6.10*** and Instrumental Commitment –ve has the lowest mean value of ***2.84****.* It can also be seen from Table 36 that a strong positive relationship exists (***0.72***) between '*Interpersonal liking'* and *'Affective commitment'.*

PLS-SEM measurement model quality assessment

The quality of the measurement model has been assessed using the tests illustrated in Figure 5.13 below using the criteria presented in Table 5.5 above.

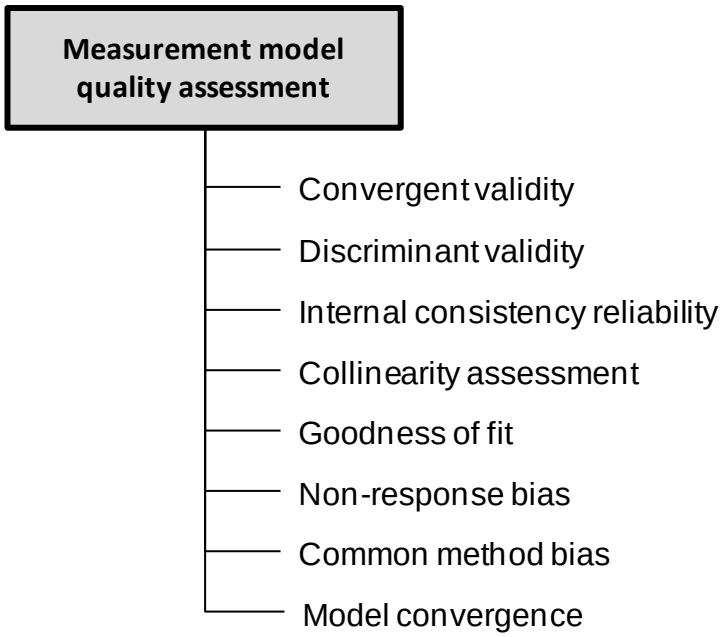


Figure 5.13: Measurement model quality assessment (adapted from Hair et al., 2017 & Henseler et al. 2016).

Convergent validity: 'C*onvergent validity*' is established when the value of the average variance extracted (AVE) is greater than ***0.500*** (Henseler et al., 2016). As can be seen from Table 5.9 below all AVE values are greater than the ***0.500*** criteria, and therefore convergent validity is established.

Table 5.9: Average variance extracted (AVE) results – full dataset

	AVE	t-value	p-value	2.5%*	97.5% *
Affective Commitment	0.86	92.709	0	0.80	0.88
Affective Trust	0.77	38.625	0	0.74	0.80
Cognitive Trust	0.79	56.597	0	0.76	0.79
Instrumental Commitment	0.75	38.792	0	0.71	0.79
Interpersonal liking	0.83	81.65	0	0.81	0.85
Relationship Performance	0.84	82.527	0	0.81	0.86
Shared Values	0.88	105.514	0	0.84	0.90

(* Denotes confidence levels bias corrected).

Discriminant validity: Discriminant validity is established when the value of the heterotrait-monotrait ratio of correlations (HTMT) is below ***0.900*** (Hair et al., 2017). As can be seen from Table 5.10 below all HTMT values are less than the ***0.900*** criteria and statistically significant at a 5% confidence level, and therefore discriminant validity is established.

Table 5.10: Heterotrait-monotrait ratio of correlations (HTMT) results – full dataset

	HTMT	t-value	p-values	2.5% *	97.5% *
Affective Trust -> Affective Commitment	0.564	17.440	0.000	0.498	0.625
Cognitive Trust -> Affective Commitment	0.379	10.963	0.000	0.309	0.444
Cognitive Trust -> Affective Trust	0.090	2.217	0.027	0.023	0.170
Instrument Commitment -> Affective Commitment	0.303	7.316	0.000	0.223	0.384
Instrument Commitment -> Affective Trust	0.185	7.658	0.000	0.124	0.205
Instrument Commitment -> Cognitive Trust	0.553	14.162	0.000	0.470	0.625
Interpersonal liking - > Affective Commitment	0.869	47.206	0.000	0.828	0.898
Interpersonal liking - > Affective Trust	0.565	16.419	0.000	0.495	0.630
Interpersonal liking - > Cognitive Trust	0.322	7.956	0.000	0.240	0.399
Interpersonal liking - > Instrument Commitment	0.238	5.460	0.000	0.159	0.317
Relationship Performance - > Affective Commitment	0.266	5.853	0.000	0.172	0.350
Relationship Performance - > Affective Trust	0.323	9.055	0.000	0.254	0.393
Relationship Performance - > Cognitive Trust	0.131	3.553	0.000	0.059	0.203
Relationship Performance - > Instrument Commitment	0.111	3.501	0.000	0.047	0.141
Relationship Performance - > Interpersonal liking	0.295	6.229	0.000	0.200	0.381
Shared Values -> Affective Commitment	0.243	4.884	0.000	0.140	0.335
Shared Values -> Affective Trust	0.247	5.537	0.000	0.158	0.333
Shared Values -> Cognitive Trust	0.259	5.404	0.000	0.164	0.352
Shared Values -> Instrument Commitment	0.224	5.330	0.000	0.142	0.306
Shared Values -> Interpersonal liking	0.193	4.136	0.000	0.106	0.280
Shared Values -> Relationship Performance	0.222	4.221	0.000	0.117	0.322

(* Denotes confidence levels bias corrected).

Internal Consistency Reliability: Internal consistency reliability is measured using the composite reliability (CR) coefficient, and where this coefficient is greater than ***0.700*** the model is regarded as being internally consistent and reliable (Hair et al., 2017). As can be seen from Table 5.11 below all CR coefficients are above the ***0.700*** criteria and statistically significant at a 5% confidence level. Therefore the model is considered internally consistent and reliable.

Table 5.11: Composite reliability (CR) results – full dataset

	CR	t-value	p-value	2.5%*	97.5%*
Affective Commitment	0.904	620.595	0.000	0.901	0.907
Affective Trust	0.887	921.518	0.000	0.883	0.890
Cognitive Trust	0.784	596.352	0.000	0.781	0.787
Instrumental Commitment	0.896	95.796	0.000	0.893	0.899
Interpersonal liking	0.837	215.414	0.000	0.833	0.840
Relationship Performance	0.909	661.050	0.000	0.907	0.913
Shared Values	0.782	399.157	0.000	0.778	0.786

. (* Denotes confidence levels bias corrected).

Collinearity Assessment: Collinearity statistics are provided by the variance inflation factor (VIF), and a VIF factor below ***five*** implies that collinearity is not a concern (Hair et al., 2017). As can be seen from Table 5.12 below all VIF coefficients are less than the ***five*** criteria. The relationship between 'Affective Commitment*'* and '*Relationship Performance'* is relatively high at ***4.621***, but is still less than **5**. The majority of VIF values are considerably less than 5, and therefore collinearity is not considered a concern.

Table 5.12: Variance inflation factors (VIF) results – full dataset

		1	2	3	4	5	6	7
1	**Affective Commitment**				1.200		**4.621**	
2	**Affective Trust**					1.000	1.782	000
3	**Cognitive Trust**				1.211		1.755	
4	**Instrumental Commitment**						1.458	
5	**Interpersonal liking**						4.105	
6	**Relationship Performance**							
7	**Shared Values**	1.000	1.000	1.065	1.101			

Goodness of fit: The standardised root mean square residual (SRMR) of ***0.080*** is used as the criteria to determine the goodness of fit of the model and data (Henseler et al., 2014). The actual SRMR value for the saturated model is ***0.018*** and ***0.028*** for the estimated model both of which are statistically significant at a 5% confidence level. As both SRMR values are less than ***0.080,*** a good fit is present.

Model Convergence: The '*Path*' weighting scheme is selected with the maximum number of iterations set at 300 and the '*Stop Criteria'* set at 10^-7^. The model converged after ***eight*** iterations which are rapid and substantially

less than 300 iteration limit set in SmartPLS™, indicating that there are no errors or structural problems with the data or model (Hair et al., 2017).

Outer model loadings: The outer loadings of the measurement model, between the indicator and latent variable, all correlate at a value greater than **0.70** and are therefore considered satisfactory (Hair et al., 2017) and not requiring factor reduction.

Table 5.13 below provides a summary of the PLS-SEM measurement model quality assessment results.

Table 5.13: Summary of PLS-SEM measurement model quality assessment – full dataset

Measurement model quality assessment		
Method	**Criteria**	**Results**
Convergent validity	All AVE > **0.50**	Lowest value ***0.75*** (Instrumental Commitment +Ve)
Discriminant validity	All HTMT < **0.90**	Highest value ***0.869*** (InterPerl -> Affect Commitment)
Internal consistency reliability	All CR > **0.70**	All composite reliability (CR) results greater than ***0.70***
Collinearity issues	All VIF < **5**	Highest VIF for *AffectCom -> RelPerf* = **4.621**
Goodness of fit	SRMR <**0.08**	SRMR for Estimated model = ***0.028***
Model convergence	Max iterations **300**	Model converged after ***8*** iterations
Outer model loadings	All > **0.70**	All outer loadings of the measurement model are greater than ***0.70***

Common method bias: In the content of this study survey responses were obtained from key individuals with a similar profile, and therefore common method bias needs to be considered (Podsakoff et al., 2003). For PLS-SEM, common method bias is detected through a collinearity assessment approach (Kock, 2015) using variance inflation factors (VIF) values. According to the guidance provided by Kock (2015) and Hair et al. (2017) VIF values lower than **3.3** are indicative that the model is free from common method bias (Hair et al., 2017, Kock, 2015). Two values of VIF are greater than **3.3** (Affective Commitment->Relationship Performance (4.621); Interpersonal liking-> Relationship Performance (4.105), the remainder are all less. Common method bias is not regarded as being present in creating bias in the validity and reliability of the latent constructs or the empirical relationship between the constructs. This will be further considered in the remaining three models corresponding to the stages of the relationship development process.

Non-response bias: In the context of this study non-response bias has been tested for across the three methods of data collection as described in Section 3.4.4 above, namely online using *Qualtrics*, *face-to-face* and *drop-off and collect*. Nine randomly selected responses were chosen from the three methods of data collection, and the results showed that no statistically significant differences were observed at the 5% significant level between the three groups based on the nine selected responses (Armstrong & Overton, 1977; Claycomb & Frankwick, 2010). Also, no significant differences are observed between the three groups when comparing the mean values of these responses. The absence of any difference between the three groups indicates that there is no non-response bias occurring because of the three methods of data collection.

Based on the assessment described above, the PLS-SEM measurement model is deemed to be of sufficient quality to progress with the assessment of the PLS-SEM structural model.

Full-data set PLS-SEM structural model assessment

Having determined above that the PLS-SEM measurement model is of sufficient quality, in this Section the PLS-SEM structural model is assessed using the 5 Step procedure illustrated in Figure 5.14 below.

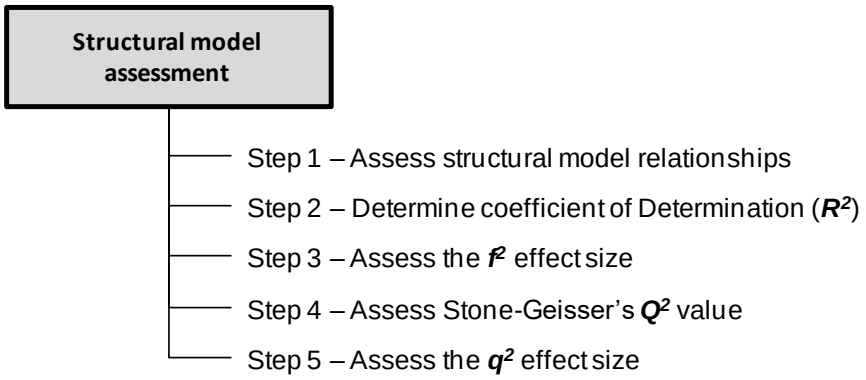


Figure 5.14: Structural model assessment procedure (adapted from Hair et al., 2017 & Henseler et al. 2016).

Step 1 – Assess structural model relationships

In Step 1, the path coefficients, *t-values* and *p-values* are established in determining the strength and statistical significance of the relationships within the structural model for their ***direct***, ***indirect*** and ***total effect***. The ***direct effect*** is interpreted as predicting the change in the dependent variable, whereas the ***indirect effects***, and their inference statistics, are important for mediation analysis (Zhao et al., 2010). The ***total effect*** combines both the direct and indirect effects in providing an overall picture of the relationships within the structural model.

Direct effect: The results of the '*direct effect'* on the structural model relationships are provided in Table 5.14 below. As can be seen, two strong and statistically significant relationships are present, one of which is positive. Five positive medium strength statistically significant relationships are also present. Five relationship coefficients are considered as small or non-significant relationships.

Table 5.14: Strength and significance of *direct effect* relationships – full dataset

		PC	t-value	p-values	Strength	Significant?
H1	**Cognitive Trust -> Instrumental Commitment**	**0.408**	**9.470**	**0.000**	**Strong**	**Yes**
H2	Affective Commitment -> Relationship Performance	-0.004	0.024	0.980	Small (-ve)	No
H3	Cognitive Trust -> Relationship Performance	0.156	2.785	0.005	Medium	Yes
H4	Affective Trust -> Interpersonal liking	-0.553	18.246	0.000	Strong (-ve)	Yes
H5	Interpersonal liking -> Relationship Performance	-0.027	0.325	0.745	Small (-ve)	No
H6	Affective Trust -> Relationship Performance	0.314	4.749	0.000	Medium	Yes
H7	Affective Trust -> Cognitive Trust	-0.157	3.524	0.000	Medium (-ve)	Yes
H8	Affective Commitment -> Instrumental Commitment	0.116	2.095	0.036	Medium	Yes
H9	Instrumental Commitment -> Relationship Performance	-0.054	1.194	0.232	Small (-ve)	No
H10	Shared values -> Cognitive Trust	0.292	5.888	0.000	Medium	Yes
H11	Shared values -> Affective Trust	0.292	5.813	0.000	Medium	Yes
H12	Shared values -> Affective Commitment	-0.016	0.650	0.516	Small (-ve)	No
H13	Shared values -> Instrumental Commitment	0.060	1.548	0.122	Small	No

(PC: denotes Path Coefficient)

Indirect (mediating) effect: The results of the overall net *indirect effect* are presented in Table 5.15 below. In determining the mediating effect type, the *indirect effect* results are compared to the *direct effects* results. Where there is no statistically significant *direct effect* and a significant *indirect effect*, full mediation is considered to have occurred. Where both direct and indirect effects are significant, partial mediation is deemed to have occurred.

As can be seen from Table 5.15 below, one full mediating relationship is present (H13) with no partially mediating relationships. The remaining relationships where no mediating effect is present are deemed to be *direct effect* relationships.

Table 5.15: Strength and significance of *indirect effect* relationships – full dataset

					Mediating effect		
		PC	**t-value**	**p-values**	**Strength**	**Significant?**	**Type**
H1	Cognitive Trust -> Instrumental Commitment						
H2	Affective Commitment -> Relationship Performance	0.010	1.209	0.227	Small	No	None
H3	Cognitive Trust -> Relationship Performance	-0.025	1.298	0.194	Small (-ve)	No	None
H4	Affective Trust -> Interpersonal liking						
H5	Interpersonal liking -> Relationship Performance						
H6	Affective Trust -> Relationship Performance	0.004	0.033	0.974	Small	No	None
H7	Affective Trust -> Cognitive Trust						
H8	Affective Commitment -> Instrumental Commitment						
H9	Instrumental Commitment -> Relationship Performance						
H10	Shared values -> Cognitive Trust	-0.039	2.760	0.006	Small (-ve)	No	None
H11	Shared values -> Affective Trust						
H12	Shared values -> Affective Commitment						
H13	**Shared values -> Instrumental Commitment**	**0.141**	**5.718**	**0.000**	**Medium**	**Yes**	**Full**

Total effect: The results of the *total effect* are presented in Table 5.16 below. As can be seen, two strong and statistically significant relationships are present, one of which is positive. Eight medium strength statistically significant relationships are present, of which seven are positive and one negative.

Table 5.16: Strength and significance of the *total effect* relationships – full dataset

		PC	**t-value**	**p-values**	**Strength**	**Significant?**
H1	**Cognitive Trust -> Instrumental Commitment**	**0.466**	**11.194**	**0.000**	**Strong**	**Yes**
H2	Affective Commitment -> Relationship Performance	0.286	7.984	0.000	Medium	Yes
H3	Cognitive Trust -> Relationship Performance	0.128	3.292	0.001	Medium	Yes
H4	Affective Trust -> Interpersonal liking	-0.487	14.003	0.000	Strong (-Ve)	Yes
H5	Interpersonal liking -> Relationship Performance	-0.036	0.522	0.602	Small (-ve)	No
H6	Affective Trust -> Relationship Performance	0.318	4.864	0.000	Medium	Yes
H7	Affective Trust -> Cognitive Trust	-0.157	3.524	0.000	Medium (-Ve)	Yes
H8	Affective Commitment -> Instrumental Commitment	0.085	1.578	0.115	Small	No
H9	Instrumental Commitment -> Relationship Performance	-0.053	1.181	0.238	Small (-ve)	No
H10	Shared values -> Cognitive Trust	0.253	5.368	0.000	Medium	Yes
H11	Shared values -> Affective Trust	0.243	5.731	0.000	Medium	Yes
H12	Shared values -> Affective Commitment	-0.237	4.904	0.000	Medium	Yes
H13	Shared values -> Instrumental Commitment	0.212	5.536	0.000	Medium	Yes

Step 2 – Determine the coefficient of Determination *(R^2)*

The values of ***R^2*** and ***R^2 adjusted*** are presented in Tables 5.17 and 5.18 below.

Table 5.17: ***R^2*** results – full dataset

	R^2	t-value	p-value	2.5%*	97.5%*
Affective Commitment	0.744	35.216	0.000	0.705	0.787
Affective Trust	0.059	2.879	0.004	0.024	0.104
Cognitive Trust	0.087	3.017	0.003	0.040	0.154
Instrumental Commitment +Ve	0.254	6.826	0.000	0.191	0.336
Interpersonal liking	0.417	10.026	0.000	0.341	0.500
Relationship Performance	0.157	5.546	0.000	0.117	0.228

(* Denotes confidence levels bias corrected).

Table 5.18: ***R^2*** adjusted results – full dataset

	R^2 Adjusted	t-value	p-value	2.5%*	97.5%*	Significant?
Affective Commitment	**0.741**	34.659	0.000	0.693	0.778	Yes
Affective Trust	0.057	2.783	0.005	0.022	0.102	No
Cognitive Trust	0.084	2.882	0.004	0.035	0.148	No
Instrumental Commitment +Ve	**0.248**	6.615	0.000	0.175	0.317	Yes
Interpersonal liking	**0.413**	9.884	0.000	0.332	0.491	Yes
Relationship Performance	0.145	5.060	0.000	0.088	0.190	No

(* Denotes confidence levels bias corrected).

Due to the complexity of the PLS-SEM model under consideration, to avoid any potential bias in the results of ***R^2,*** the ***R^2 adjusted*** values are used in determining the predictive power of the variables.

As shown in Table 5.18 above '*Affective Commitment'* has an ***R^2 Adjusted*** value of 0.741 which is approaching a substantial predictive accuracy, whereas *'Interpersonal liking'* has a value of 0.413 approaching a moderate level of predictive accuracy. With a value of 0.248, Instrumental Commitment +Ve is considered as having a relatively weak predictive accuracy. The remaining variables with ***R^2 Adjusted*** values less than 0.25 are not considered as having any meaningful predictive accuracy.

Step 3 – Assess the f^2 effect size

Table 5.19 below provides the f^2 effect size results.

Table 5.19: f^2 effect size results – full dataset

		f^2	t-value	p-values	Effect	Significant?
H1	Cognitive Trust -> Instrumental Commitment	**0.181**	3.687	0.000	Medium	Yes
H2	Affective Commitment -> Relationship Performance	0.000	0.028	0.978	None	No
H3	Cognitive Trust -> Relationship Performance	0.017	1.322	0.186	None	No
H4	Affective Trust -> Interpersonal liking	**0.481**	5.636	0.000	Large	Yes
H5	Interpersonal liking -> Relationship Performance	0.000	0.064	0.949	None	No
H6	Affective Trust -> Relationship Performance	0.048	2.049	0.041	Small	Yes
H7	Affective Trust -> Cognitive Trust	0.025	1.665	0.096	Small	No
H8	Affective Commitment -> Instrumental Commitment	0.011	0.989	0.323	None	No
H9	Instrumental Commitment -> Relationship Performance	0.002	0.499	0.618	None	No
H10	Shared values -> Cognitive Trust	0.088	2.611	0.009	Small	Yes
H11	Shared values -> Affective Trust	0.063	2.671	0.008	Small	Yes
H12	Shared values -> Affective Commitment	0.001	0.209	0.835	None	No
H13	Shared values -> Instrumental Commitment	0.004	0.682	0.495	None	No

As can be seen from Table 5.19 above the f^2 effect size is considered as strong with respect to ***0.481*** for *'Affective Trust ->Interpersonal liking'. A m*edium-sized effect of ***0.181*** is reported for '*Cognitive Trust->Instrumental Commitment'.* Four small effect sizes are also reported together with seven results less than 0.02 and therefore considered as having no effect.

Step 4 – Assess Stone-Geisser's Q^2 value

The Q^2 values of predictive relevance are provided in Table 5.20 below for each of the relationship constructs.

Table 5.20: Q^2 predictive relevance results – full dataset

	Q^2
Affective Commitment	0.614
Affective Trust	0.049
Cognitive Trust	0.072
Instrumental Commitment +Ve	0.154
Instrumental Commitment -Ve	0.047
Interpersonal liking	0.290
Relationship Performance	0.128
Shared Values	0.030

As all Q^2 values are above zero, the model has predictive relevance. As shown in Table 5.21 below, when the Q^2 values are considered along the values of R^2 ***adjusted,*** '*Affective Commitment'* has both substantial predictive accuracy (R^2 ***adjusted****)* and significant predictive relevance (Q^2). Similarly, '*Interpersonal liking'* is approaching a moderate level of predictive accuracy together with a relatively high level of predictive relevance.

Table 5.21: R^2 Adjusted and Q^2 results – full dataset

	R^2 Adjusted	Q^2
Affective Commitment	**0.741**	**0.614**
Affective Trust	0.057	0.049
Cognitive Trust	0.084	0.072
Instrumental Commitment	0.248	0.154
Interpersonal liking	**0.413**	**0.290**
Relationship Performance	0.145	0.128
Shared Values	0.103	0.030

Step 5 - Assess the q^2 effect size

The values of the q^2 effect size are provided in Table 5.22 below and were calculated manually using the formula (Hair et al., 2017):

$$q^2 = \frac{Q^2 \text{ Included} - Q^2 \text{ Excluded}}{1 - Q^2 \text{ Included}}$$

Table 5.22: q^2 effect size – full dataset

		1	2	3	4	5	6	7
1	**Affective Commitment**							
2	**Affective Trust**	**0.594**						
3	**Cognitive Trust**	**0.584**						
4	**Instrumental Commitment**	**0.544**						
5	**Interpersonal liking**	**0.456**						
6	**Relationship Performance**	**0.557**			0.030			000c
7	**Shared Values**	**0.602**	0.020	0.043	0.128	0000	0.268	

(Results less than 0.02 not shown)

As can be seen from Table 50 above the q^2 effect size of '*Affective Trust'* is large. The effect size of q^2 in the context of R^2 ***adjusted***, Q^2 is shown in Table 5.23 below.

Table 5.23: R^2 Adjusted, Q^2 and q^2 effect size results – full dataset

	R^2 Adjusted	Q^2	q2
Affective Commitment	**0.741**	**0.614**	
Affective Trust	0.057	0.049	0.594
Cognitive Trust	0.084	0.072	0.584
Instrumental Commitment	0.248	0.154	0.544
Interpersonal liking	**0.413**	**0.297**	0.456
Relationship Performance	0.145	0.128	0.557
Shared Values	0.103	0.030	0.602

The structural model assessment results are provided in Table 5.24 below.

Table 5.24: Measurement model quality assessment results

Measurement model quality assessment results		
Method	**Criteria**	**Results**
Convergent validity	All AVE > **0.50**	Lowest value ***0.675*** (Instrumental Commitment +Ve)
Discriminant validity	All HTMT < **0.90**	Highest value ***0.867*** (InterPer -> Affect Commitment)
Internal consistency reliability	All CR > **0.70**	All composite reliability results greater than 0.70 ***(lowest - 0.782)***
Collinearity issues	Most VIF < **5**	Highest VIF for *AffectCom -> RelPerf* = **5.030**
Goodness of fit	SRMR <**0.08**	SRMR ***0.028*** (estimated model) and ***0.032*** (saturated model)
Model convergence	Max iterations **300**	Model converged after ***7*** iterations
Outer model loadings	All > **0.70**	Nine outer loadings were less than 0.70 and were removed.

Testing of Hypotheses

Figure 5.15 below arranges the hypotheses into a conceptual model, that will form the basis of Stage 2 quantitative PLS SEM modelling.

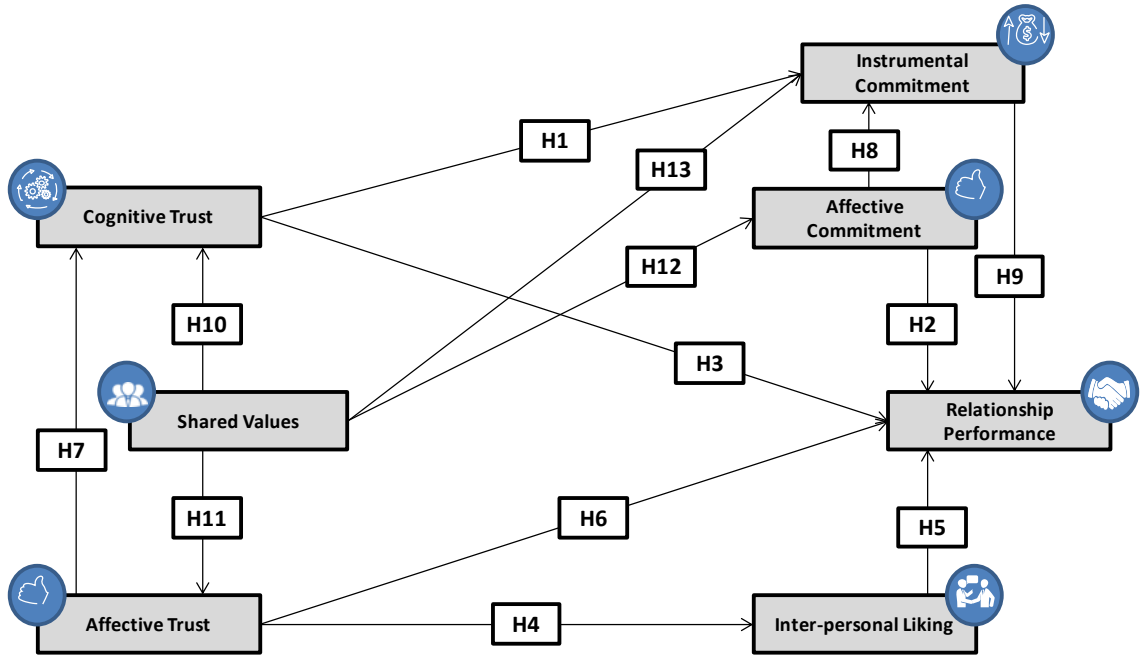


Figure 5.15: Conceptual model

Table 5.25 below summaries the results of the testing of the hypotheses for the full dataset.

Table 5.25: Results of the hypothesis testing for the full data-set

Hypotheses		Supported?	Comments
H1	**Cognitive Trust -> Instrumental Commitment**	**Yes**	**A strong and statistically significant relationship**
H2	Affective Commitment -> Relationship Performance	Yes	A medium and statistically significant relationship
H3	Cognitive Trust -> Relationship Performance	Yes	A medium and statistically significant relationship
H4	Affective Trust -> Interpersonal liking	No	Hypothesis not supported
H5	Interpersonal liking -> Relationship Performance	No	Hypothesis not supported
H6	Affective Trust -> Relationship Performance	Yes	A medium and statistically significant relationship
H7	Affective Trust -> Cognitive Trust	No	Hypothesis not supported
H8	Affective Commitment -> Instrumental Commitment	No	Hypothesis not supported
H9	Instrumental Commitment -> Relationship Performance	No	Hypothesis not supported
H10	Shared values -> Cognitive Trust	Yes	A medium and statistically significant relationship
H11	Shared values -> Affective Trust	Yes	A medium and statistically significant relationship
H12	Shared values -> Affective Commitment	No	Hypothesis not supported
H13	Shared values -> Instrumental Commitment	Yes	Full mediating relationship

‘*Affective Commitment’* has both substantial predictive accuracy (***R^2 adjusted****)* and significant predictive relevance (***Q^2***). Similarly, ‘*Interpersonal liking’* is approaching a moderate level of predictive accuracy together with a relatively high level of predictive relevance.

The following Sections consider the three stages of the relationship development process: Early stage; Build-up stage and the Mature and Decline stage.

5.2.2 Early Stage PLS-SEM Model analysis

This section describes the analysis relating to the '*Early*' stage of the relationship development process, for which 173 usable responses were received from respondents to the survey.

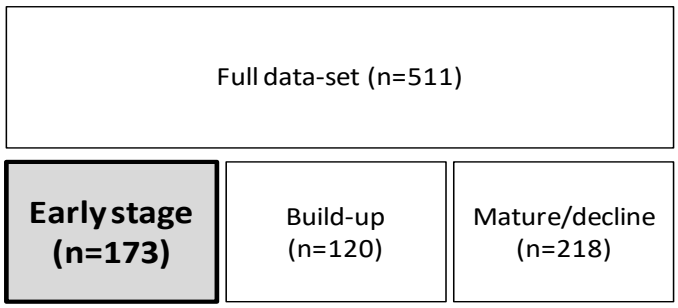


Figure 5.16: Four PLS-SEM analysis models – early stage

Conceptual model and hypotheses

Derived in Chapter 4, Figure 5.17 below hypothesises in which parts of the relationship development lifecycle the relationship constructs are likely to be most active in influencing relationship performance.

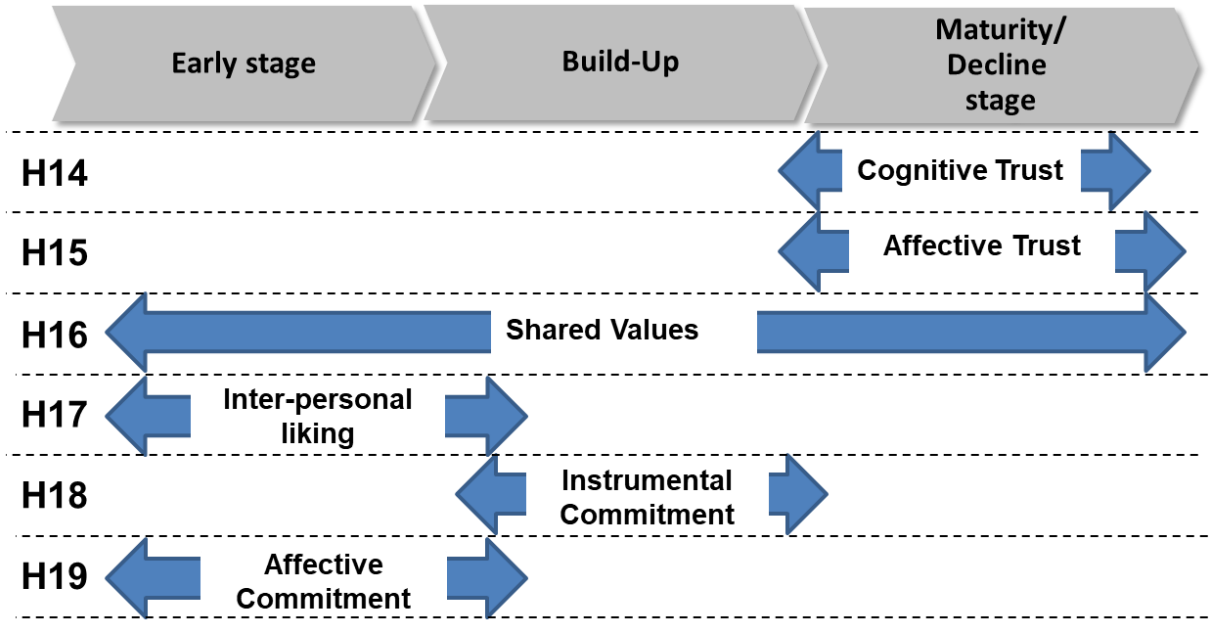


Figure 5.17: Conceptual model – relationship lifecycle

It can be seen from Figure 5.17 above that Shared Values (H16), Inter-personal liking (H17) and Affective Commitment (H19) are hypothesised as being particularly active in the early stage of the relationship development life-cycle. The three corresponding hypotheses are presented in Table 5.25 below.

Table 5.26: Hypotheses' relating to the '*Early'* stage of relationship development

Ref	Hypotheses relating to Relationship Development Constructs
H16	***Shared Values*** will have a significantly larger association with ***Relationship Performance***, in all stages of the relationship development lifecycle
H17	***Interpersonal Liking*** will have a significantly larger association with ***Relationship Performance***, in the Early stage of the relationship development lifecycle
H19	***Affective Commitment*** will have a significantly larger association with ***Relationship Performance***, in the later Early stage of the relationship development lifecycle

Early stage descriptive statistics and factor analysis

Table 5.27 below summarises the descriptive statistics for the '*Early Stage'* data-set including the initial analysis relating to the correctness and completeness of the early stage data-set, scale validity, goodness of fit and suitability for factor analysis, calculated using SPSS software.

The initial validity of the data-set is assessed using: Kaiser-Meyer-Olkin's (KMO) testing for sampling adequacy; Bartlett's test of sphericity; communality analysis and anti-image correlation analysis. The results are provided in Table 54 below and exceed the threshold criteria for the tests performed. On the basis of these results, factor reduction was not deemed necessary at this stage of the analysis, and all constructs were retained for subsequent PLS-SEM analysis.

Table 5.27: Summary of descriptive statistics and factor analysis – early stage dataset

Parameter	Reported value	Criteria
Number of responses	**173**	**n**
Validity		
KMO	**0.880**	**>0.5**
Communalities	**All above 0.3**	**All >0.3**
Bartlett's	**0.000**	**<0.05**
Anti-image correlation	**All above 0.5**	**All >0.5**
Goodness of Fit		
Chi Square	**>0.05**	**>0.05**
Factors		
Number of factors	**8**	**No.**
Accounting for...% Variance	**83.81**	**%**
Descriptive stats:	**1.56**	**High SD**
	0.55	**Low SD**
	0.21	**CV**
	4.31	**Overall Mean**
	0.90	**Overall SD**

Table 5.27 above also summarises the overall descriptive statistics for the '*Early Stage'* data-set. The overall mean value of ***4.31***, the overall standard deviation (SD) of 0.90 and the resulting coefficient of variance (CV) of ***0.21*** suggests that the data are fairly tightly clustered around the mean value of the data-set.

Table 5.28 below provides the mean values, standard deviation and correlations relating to the relationships constructs.

Table 5.28: Mean, standard deviation and correlations – early stage dataset

Early stage data-set	Mean	SD	Ref	Correlations							
Relationship Constructs				1	2	3	4	5	6	7	8
Affective Commitment	**6.24**	1.10	1								
Instrumental Commitment	4.14	0.72	2	-0.26							
Instrumental Commitment -ve	2.85	0.85	3	-0.11	0.00						
Cognitive Trust	4.06	0.61	4	-0.41	0.22	-0.02					
Affective Trust	4.10	0.86	5	-0.61	0.34	0.09	0.43				
Interpersonal liking	5.91	1.16	6	***0.72***	-0.26	-0.11	-0.35	0.45			
Relationship performance	5.49	0.91	7	0.56	-0.15	-0.07	-0.27	0.05	0.13		000.
Shared Values	5.23	0.75	8	0.00	0.01	0.00	-0.07	-0.08	-0.06	0.06	

Affective Commitment has the highest mean value of ***6.24*** and Instrumental Commitment –ve has the lowest mean value of ***2.85****.* It can also be seen from Table 5.28 that a strong positive relationship exists (***0.72***) between '*Interpersonal liking'* and *'Affective commitment'.*

Figure 5.18 below illustrates that '*Interpersonal Liking'* and '*Affective Commitment'*, and '*Shares Values'* have high mean scores as compared to those constructs that are more cognitive or instrumental in character.

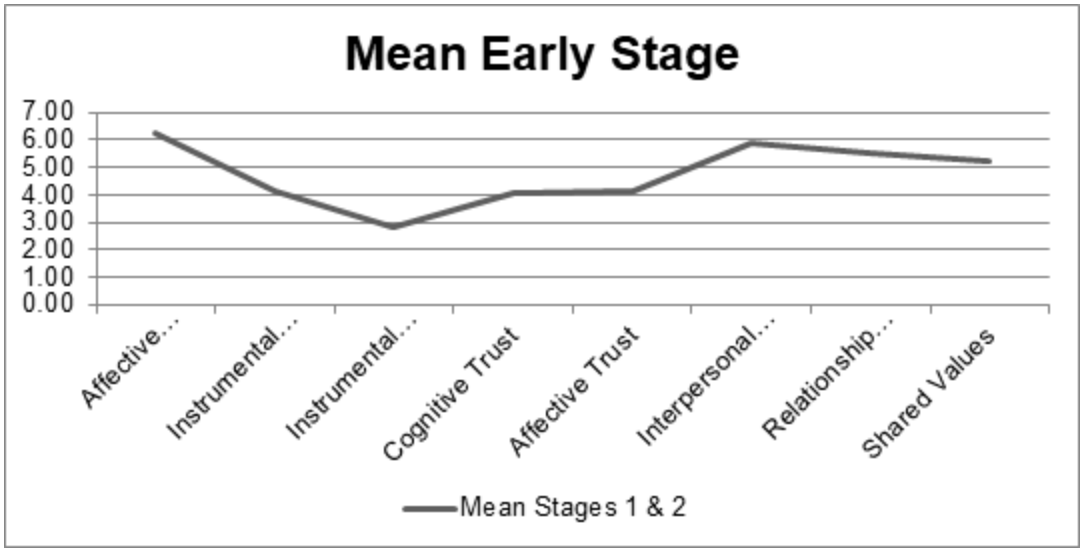


Figure 5.18: Mean scores for the early stage of the relationship development lifecycle

Early stage PLS-SEM measurement model quality assessment

The quality of the measurement model has been assessed using the tests illustrated in Figure 5.19 below using the criteria presented in Table 5.28 above.

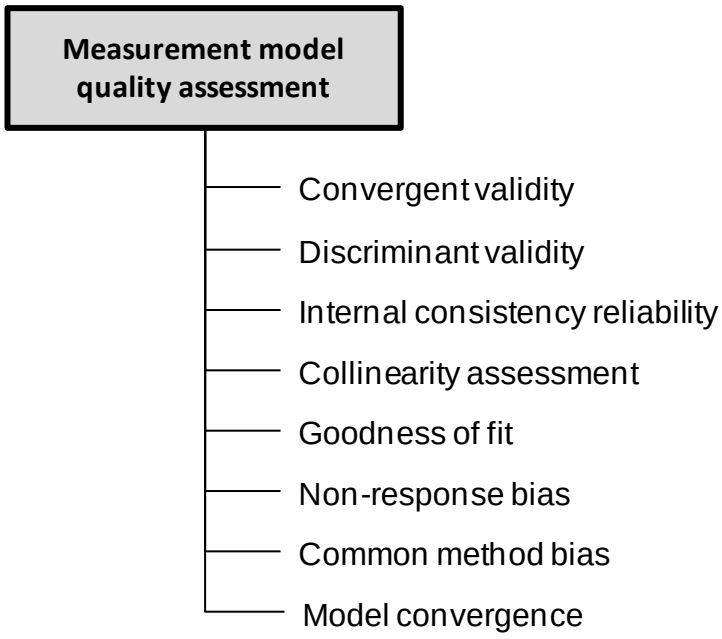


Figure 5.19: Measurement model quality assessment (adapted from Hair et al., 2017 & Henseler et al. 2016).

Convergent validity: 'C*onvergent validity*' is established when the value of the average variance extracted (AVE) is greater than ***0.500*** (Henseler et al., 2016). As can be seen from Table 5.29 below all AVE values are greater than the ***0.500*** criteria and statistically significant at a 5% confidence level. Therefore convergent validity is established.

Table 5.29: Average variance extracted (AVE) results – early stage dataset

	AVE	t-value	p-value	2.5%*	97.5% *
Affective Commitment	0.854	35.472	0	0.833	0.876
Affective Trust	0.886	54.196	0	0.848	0.913
Cognitive Trust	0.837	33.752	0	0.783	0.883
Instrumental Commitment	0.675	13.927	0	0.575	0.758
Interpersonal liking	0.801	41.323	0	0.762	0.837
Relationship Performance	0.726	84.119	0	0.700	0.744
Shared Values	0.832	13.087	0	0.780	0.868

(* Denotes confidence levels bias corrected).

Discriminant validity: Discriminant validity is established when the value of the heterotrait-monotrait ratio of correlations (HTMT) is below ***0.900*** (Hair et al.,2017). As can be seen from Table 5.30 below all HTMT values are less than the ***0.900*** criteria, and therefore discriminant validity is established.

Table 5.30: Heterotrait-monotrait ratio of correlations (HTMT) results – early stage dataset

	HTMT	t-value	p-values	2.5% *	97.5% *
Affective Trust -> Affective Commitment	0.684	16.430	0.000	0.590	0.757
Cognitive Trust -> Affective Commitment	0.474	8.896	0.000	0.359	0.568
Cognitive Trust -> Affective Trust	0.528	8.333	0.000	0.393	0.640
Instrument Commitment -> Affective Commitment	0.350	5.455	0.000	0.224	0.469
Instrument Commitment -> Affective Trust	0.466	7.598	0.000	0.342	0.582
Instrument Commitment -> Cognitive Trust	0.323	4.353	0.000	0.168	0.458
Interpersonal liking - > Affective Commitment	0.867	29.450	0.000	0.799	0.887
Interpersonal liking - > Affective Trust	0.666	12.243	0.000	0.542	0.761
Interpersonal liking - > Cognitive Trust	0.458	7.880	0.000	0.329	0.560
Interpersonal liking - > Instrument Commitment	0.395	5.913	0.000	0.259	0.519
Relationship Performance - > Affective Commitment	0.612	12.025	0.000	0.507	0.708
Relationship Performance - > Affective Trust	0.393	6.618	0.000	0.268	0.502
Relationship Performance - > Cognitive Trust	0.322	5.223	0.000	0.198	0.439
Relationship Performance - > Instrument Commitment	0.206	3.525	0.000	0.107	0.318
Relationship Performance - > Interpersonal liking	0.551	9.377	0.000	0.432	0.662
Shared Values -> Affective Commitment	0.161	2.099	0.002	0.111	0.141
Shared Values -> Affective Trust	0.176	2.413	0.158	0.119	0.600
Shared Values -> Cognitive Trust	0.102	2.264	0.034	0.021	0.130
Shared Values -> Instrument Commitment	0.079	2.129	0.042	0.019	0.050
Shared Values -> Interpersonal liking	0.137	4.011	0.000	0.061	0.134
Shared Values -> Relationship Performance	0.147	1.937	0.046	0.033	0.311

(* Denotes confidence levels bias corrected).

Internal Consistency Reliability: Internal consistency reliability is measured using the composite reliability (CR) coefficient, and where this coefficient is greater than ***0.700*** the model is regarded as being internally consistent and reliable (Hair et al.,2017). As can be seen from Table 5.31 below all CR coefficients above the ***0.700*** criteria and therefore the model is considered internally consistent and reliable.

Table 5.31: Composite reliability (CR) results – early stage dataset

	CR	t-value	p-value	2.5%*	97.5%*
Affective Commitment	0.904	522.087	0.000	0.901	0.907
Affective Trust	0.887	196.218	0.000	0.883	0.890
Cognitive Trust	0.784	115.459	0.000	0.781	0.787
Instrumental Commitment	0.896	32.356	0.000	0.893	0.899
Interpersonal liking	0.837	136.351	0.000	0.833	0.840
Relationship Performance	0.809	316.622	0.000	0.807	0.813
Shared Values	0.782	20.188	0.000	0.778	0.786

(* Denotes confidence levels bias corrected).

Collinearity Assessment: Collinearity statistics are provided by the variance inflation factor (VIF), and a VIF factor below ***five*** implies that collinearity is not a concern (Hair et al.,2017). As can be seen from Table 5.32 below all VIF coefficients are less than the ***five*** criteria except for Affective Commitment**->**Relationship Performance (5.030). All other VIF values are considerably less than 5, and therefore collinearity is not considered a concern.

Table 5.32: Variance inflation factors (VIF) results – early stage data-set

		1	2	3	4	5	6	7
1	**Affective Commitment**				1.308		5.030	
2	**Affective Trust**			1.005		1.000	2.288	000
3	**Cognitive Trust**				1.318		1.479	
4	**Instrumental Commitment**						1.550	
5	**Interpersonal liking**						4.574	
6	**Relationship Performance**							
7	**Shared Values**	1.000	1.000	1.005	1.009			

.

Goodness of fit: The standardised root mean square residual (SRMR) of ***0.080*** is used as the criteria to determine the goodness of fit of the model and data (Henseler et al., 2017). The actual SRMR value for the saturated model is ***0.032*** and ***0.028*** for the estimated model both of which are statistically significant at a 5% confidence level. As both SRMR values are less than ***0.080,*** a good fit is present.

Model Convergence: The '*Path*' weighting scheme is selected with the maximum number of iterations set at 300 and the '*Stop Criteria'* set at 10^-7^ (Hair et al., 2017). The model converged after ***seven*** iterations which are rapid and substantially less than 300 iteration limit set in SmartPLS, indicating that there are no errors or structural problems with the data or model (Hair et al., 2017).

Outer model loadings: A total of nine outer loadings of the measurement model, between the indicator and latent variable, correlated at a value less than **0.70** and were therefore removed, and the model re-run, in providing the results in this section (Hair et al., 2017). The indicators removed from the model were CogTrust1, InstComn 1, InstComn 2, InstComn 3, InstComn 4, InstCom 1, InstCom 2, InstCom 3 and InterPer 3.

Table 5.33 below provides a summary of the PLS-SEM model quality assessment.

Table 5.33: Summary of PLS-SEM model quality assessment – early stage dataset

Measurement model quality assessment		
Method	**Criteria**	**Results**
Convergent validity	All AVE > **0.50**	Lowest value ***0.675*** (Instrumental Commitment +Ve)
Discriminant validity	All HTMT < **0.90**	Highest value ***0.867*** (InterPer -> Affect Commitment)
Internal consistency reliability	All CR > **0.70**	All composite reliability results greater than 0.70 ***(lowest - 0.782)***
Collinearity issues	Most VIF < **5**	Highest VIF for *AffectCom -> RelPerf* = **5.030**
Goodness of fit	SRMR <**0.08**	SRMR ***0.028*** (estimated model) and ***0.032*** (saturated model)
Model convergence	Max iterations **300**	Model converged after ***7*** iterations
Outer model loadings	All > **0.70**	Nine outer loadings were less than 0.70 and were removed.

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Early stage PLS-SEM structural model assessment

Having determined above that the PLS-SEM measurement model is of sufficient quality, in this Section the PLS-SEM structural model is assessed using the 5 Step procedure illustrated in Figure 5.20 below.

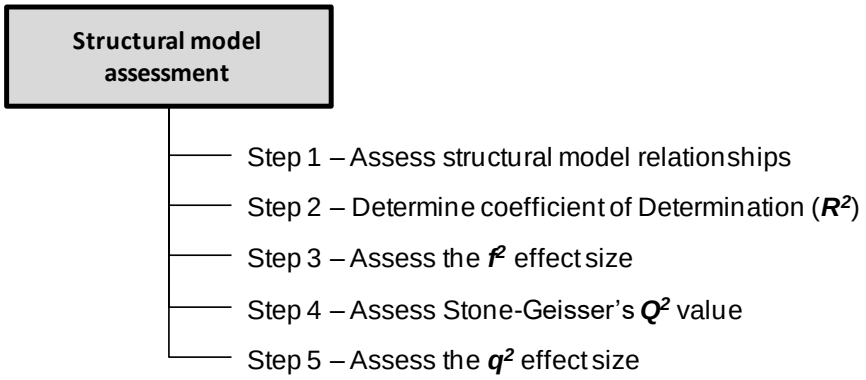

Figure 5.20: Structural model assessment procedure (adapted from Hair et al., 2017 & Henseler et al. 2016).

Step 1 – Assess structural model relationships

In Step 1, the path coefficients, *t-values* and *p-values* are established in determining the strength and statistical significance of the relationships within the structural model for their ***direct***, ***indirect*** and ***total effect***. The ***direct effect*** is interpreted as predicting the change in the dependent variable, whereas the ***indirect effects***, and their inference statistics, are important for mediation analysis (Zhao et al., 2010). The ***total effect*** combines both the direct and indirect effects in providing an overall picture of the relationships within the structural model.

Direct effect: The results of the '*direct effect'* on the structural model relationships are provided in Table 5.34 below. As can be seen, four strong statistically significant relationships are present, two of which are positive. Two medium strength relationships are present of which one is statistically significant. Seven relationships are considered as small or non-significant relationships.

Table 5.34: Strength and significance of *direct effect* relationships – early stage dataset

		PC	t-value	p-values	Strength	Significant?
H1	Cognitive Trust -> Instrumental Commitment	0.162	2.125	0.034	Medium	Yes
H2	**Affective Commitment -> Relationship Performance**	**0.517**	**4.070**	**0.000**	**Strong**	**Yes**
H3	Cognitive Trust -> Relationship Performance	-0.087	1.180	0.238	Small (-ve)	No
H4	Affective Trust -> Interpersonal liking	-0.621	12.098	0.000	Strong (-ve)	Yes
H5	Interpersonal liking -> Relationship Performance	0.127	1.136	0.256	Medium	No
H6	Affective Trust -> Relationship Performance	0.067	0.777	0.437	Small	No
H7	**Affective Trust -> Cognitive Trust**	**0.518**	**8.190**	**0.000**	**Strong**	**Yes**
H8	Affective Commitment -> Instrumental Commitment	-0.453	6.616	0.000	Strong (-ve)	Yes
H9	Instrumental Commitment -> Relationship Performance	0.027	0.486	0.627	Small	No
H10	Shared values -> Cognitive Trust	-0.061	0.683	0.494	Small (-ve)	No
H11	Shared values -> Affective Trust	-0.068	0.992	0.321	Small (-ve)	No
H12	Shared values -> Affective Commitment	0.035	0.518	0.605	Small	No
H13	Shared values -> Instrumental Commitment	-0.001	0.020	0.984	None	No

(PC: denotes '*Path Coefficient*')

Indirect (mediating) effect: The results of the overall net *indirect effect* are presented in Table 5.35 below. In determining the mediating effect type, the *indirect effect* results are compared to the *direct effects* results. Where there is no statistically significant *direct effect* and a significant *indirect effect*, full mediation is considered to have occurred. Where both direct and indirect effects are, significant partial mediation is deemed to have occurred.

Table 5.35: Strength and significance of *indirect effect* relationships – early stage dataset

				Mediating effect		
	PC	t-value	p-values	Strength	Significant?	Type
Cognitive Trust -> Instrumental Commitment						
Affective Commitment -> Relationship Performance	-0.012	0.478	0.633	None	No	None
Cognitive Trust -> Relationship Performance	0.005	0.412	0.412	None	No	None
Affective Trust -> Interpersonal liking						
Interpersonal liking -> Relationship Performance						
Affective Trust -> Relationship Performance	-0.120	1.542	0.123	Small	No	None
Affective Trust -> Cognitive Trust						
Affective Commitment -> Instrumental Commitment	0.084	2.004	0.045	Small	Yes	Partial
Instrumental Commitment -> Relationship Performance						
Shared values -> Cognitive Trust	-0.033	1.018	0.309	Small (-ve)	No	None
Shared values -> Interpersonal liking	0.042	0.977	0.329	Small	No	None
Shared values -> Relationship performance	0.030	0.644	0.520	Small	No	None
Shared values -> Instrumental Commitment	-0.031	0.790	0.790	Small (-ve)	No	None

(PC: denotes '*Path Coefficient*')

As can be seen from Table 5.35 above, one partial mediating relationship is present between *Affective Commitment->Instrumental Commitment*. The remaining relationships where no mediating effect is present are deemed to be *direct effect* relationships.

Total effect: The results of the *total effect* are presented in Table 5.36 below.

Table 5.36: Strength and significance of the *total effect* relationships – early stage dataset

		PC	t-value	p-values	Strength	Significant?
H1	Cognitive Trust -> Instrumental Commitment	0.162	2.125	0.034	Medium	Yes
H2	**Affective Commitment -> Relationship Performance**	**0.504**	**3.963**	**0.000**	**Strong**	**Yes**
H3	Cognitive Trust -> Relationship Performance	-0.082	1.137	0.255	Small (-ve)	No
H4	Affective Trust -> Interpersonal liking	-0.621	12.098	0.000	Strong (-ve)	Yes
H5	Interpersonal liking -> Relationship Performance	0.127	1.136	0.256	Medium	No
H6	Affective Trust -> Relationship Performance	-0.053	0.566	0.572	Small (-ve)	No
H7	**Affective Trust -> Cognitive Trust**	**0.518**	**8.190**	**0.000**	**Strong**	**Yes**
H8	Affective Commitment -> Instrumental Commitment	0.084	2.004	0.045	Small	Yes
H9	Instrumental Commitment -> Relationship Performance	0.027	0.486	0.627	Small	No
H10	Shared values -> Cognitive Trust	-0.094	1.071	0.284	Small (-ve)	No
H11	Shared values -> Affective Trust	-0.068	0.992	0.321	Small (-ve)	No
H12	Shared values -> Affective Commitment	0.035	0.518	0.605	Small	No
H13	Shared values -> Instrumental Commitment	-0.032	0.508	0.612	Small (-ve)	No

As can be seen from Table 5.36 above, three strong and statistically significant relationships are present, two of which are positive. Two medium strength relationships are present, one of which is statistically significant. Eight relationships are considered as small of which four are positive and four negative.

Step 2 – Determine the coefficient of Determination *(R^2)*

The values of ***R^2*** and ***R^2 adjusted*** are presented in Tables 5.37 and 5.38 below.

Table 5.37: ***R^2*** results – early stage dataset

	R^2	t-value	p-value	2.5%*	97.5%*
Affective Commitment	0.006	0.151	0.880	0.000	0.011
Affective Trust	0.009	0.432	0.666	0.000	0.030
Cognitive Trust	0.286	4.471	0.000	0.153	0.390
Instrumental Commitment +Ve	0.311	4.478	0.000	0.171	0.431
Interpersonal liking	0.388	6.101	0.000	0.260	0.507
Relationship Performance	0.392	6.300	0.000	0.251	0.482

(* Denotes confidence levels bias corrected).

Table 5.38: *R^2 adjusted* results.

	R^2 Adjusted	t-value	p-value	2.5%*	97.5%*	Significant?
Affective Commitment	0.000	0.609	0.542	-0.006	0.006	No
Affective Trust	0.003	0.121	0.904	-0.006	0.025	No
Cognitive Trust	0.278	4.282	0.000	0.143	0.383	Yes
Instrumental Commitment +Ve	0.299	4.220	0.000	0.156	0.421	Yes
Interpersonal liking	**0.385**	6.009	0.000	0.256	0.504	Yes
Relationship Performance	0.374	5.815	0.000	0.229	0.466	Yes

(* Denotes confidence levels bias corrected).

As shown in Table 5.38 above '*Relationship Performance'* has an ***R^2 Adjusted*** value of ***0.385*** which is approaching moderate predictive accuracy.

Step 3 – Assess the f^2 effect size

Table 5.39 below provides the ***f^2*** effect size results.

Table 5.39: ***f^2*** effect size results – early stage dataset

		f^2	t-value	p-values	Effect	Significant?
H1	Cognitive Trust -> Instrumental Commitment	0.036	0.953	0.341	Small	No
H2	Affective Commitment -> Relationship Performance	0.110	1.807	0.071	Medium	No
H3	Cognitive Trust -> Relationship Performance	0.015	0.470	0.638	None	No
H4	Affective Trust -> Interpersonal liking	**0.653**	3.569	0.000	Large	Yes
H5	Interpersonal liking -> Relationship Performance	0.013	0.487	0.627	None	No
H6	Affective Trust -> Relationship Performance	0.009	0.279	0.780	None	No
H7	Affective Trust -> Cognitive Trust	0.389	2.907	0.004	Large	Yes
H8	Affective Commitment -> Instrumental Commitment	**0.241**	2.532	0.011	Medium	Yes
H9	Instrumental Commitment -> Relationship Performance	0.004	0.138	0.890	None	No
H10	Shared values -> Cognitive Trust	0.015	0.234	0.815	None	No
H11	Shared values -> Affective Trust	0.009	0.416	0.678	None	No
H12	Shared values -> Affective Commitment	0.006	0.142	0.887	None	No
H13	Shared values -> Instrumental Commitment	0.004	0.000	1.000	None	No

As can be seen from Table 5.39 above the ***f^2*** effect size is considered as large, and statistically significant at the 5% confidence threshold, with respect to **0.653** for *'Affective Trust ->Interpersonal liking'. A m*edium-sized effect of ***0.241*** is reported for 'Affective Trust->*Instrumental Commitment'.*

Step 4 – Assess Stone-Geisser's Q^2 value

The Q^2 values of predictive relevance are provided in Table 5.40 below for each of the relationship constructs.

Table 5.40: Q^2 results – early stage dataset

	Q^2
Affective Commitment	0.021
Affective Trust	0.003
Cognitive Trust	0.222
Instrumental Commitment	0.283
Interpersonal liking	0.326
Relationship Performance	0.320
Shared Values	0.013

As all Q^2 values are above zero, the model has predictive relevance.

As shown in Table 5.41 below, when the Q^2 values are considered along the values of R^2 ***adjusted,*** 'Interpersonal liking' has both substantial predictive accuracy (R^2 ***adjusted***) and a large predictive relevance (Q^2).

Table 5.41: R^2 Adjusted and Q^2 results – early stage dataset

	R^2 Adjusted	Q^2
Affective Commitment	0.006	0.021
Affective Trust	0.025	0.003
Cognitive Trust	0.383	0.222
Instrumental Commitment	0.421	0.283
Interpersonal liking	**0.504**	**0.326**
Relationship Performance	0.466	0.320
Shared Values	0.006	0.013

Step 5 - Assess the q^2 effect size

The values of the q^2 effect size are provided in Table 5.42 below and were calculated manually using the formula (Hair et al., 2017):

$$q^2 = \frac{Q^2 \text{ Included} - Q^2 \text{ Excluded}}{1 - Q^2 \text{ Included}}$$

Table 5.42: q^2 effect size – early stage dataset

		1	2	3	4	5	6	7
1	**Affective Commitment**							
2	**Affective Trust**	0.594						
3	**Cognitive Trust**	0.584	-0.025					
4	**Instrumental Commitment**	0.544	-0.124	-0.097				
5	**Interpersonal liking**	0.456	-0.340	-0.308	-0.192			
6	**Relationship Performance**	0.557	-0.091	-0.064	0.030	0.186		0000
7	**Shared Values**	0.602	0.020	0.043	0.128	0.268	0.101	

(results less than 0.02 not shown)

As can be seen from Table 5.42 above the q^2 effect size of '*Shared Values*' is strong. The effect size of q^2 in the context of R^2 ***adjusted***, Q^2 is shown in Table 5.43 below.

Table 5.43: R^2 Adjusted, Q^2 and q^2 effect size results – early stage dataset

	R^2 Adjusted	Q^2	q2*
Affective Commitment	0.006	0.021	
Affective Trust	0.025	0.003	0.594
Cognitive Trust	0.383	0.222	0.584
Instrumental Commitment	0.421	0.283	0.544
Interpersonal liking	**0.504**	**0.326**	**0.456**
Relationship Performance	0.466	0.320	0.557
Shared Values	0.006	0.013	0.602

Interpersonal liking has a strong predictive accuracy and relevance with strong size effect.

Testing of Hypotheses

Table 5.44 below summaries the results of the testing of the hypotheses for the early stage data set using the conceptual model.

Table 5.44: Summary of hypothesis tests – early stage

Hypotheses		Supported?	Comments
H1	Cognitive Trust -> Instrumental Commitment	Yes	A medium and statistically significant relationship
H2	Affective Commitment -> Relationship Performance	Yes	A strong and statistically significant relationship
H3	Cognitive Trust -> Relationship Performance	No	A medium and statistically significant relationship
H4	Affective Trust -> Interpersonal liking	No	Hypothesis not supported
H5	Interpersonal liking -> Relationship Performance	No	Hypothesis not supported
H6	Affective Trust -> Relationship Performance	No	Hypothesis not supported
H7	**Affective Trust -> Cognitive Trust**	**Yes**	**A strong and statistically significant relationship**
H8	Affective Commitment -> Instrumental Commitment	Yes	A small and statistically significant relationship
H9	Instrumental Commitment -> Relationship Performance	No	Hypothesis not supported
H10	Shared values -> Cognitive Trust	No	Hypothesis not supported
H11	Shared values -> Affective Trust	No	Hypothesis not supported
H12	Shared values -> Affective Commitment	No	Hypothesis not supported
H13	Shared values -> Instrumental Commitment	No	Hypothesis not supported

In the early stage of the relationship development process, '*Interpersonal liking'* has both substantial predictive accuracy (***R^2 adjusted***) and a large predictive relevance (***Q^2***) and significant size effect (***q^2***).

As shown in Table 5.45 below, the testing of the hypotheses specifically related to the '*Early'* stage of the relationship development is shown. H19 is supported whereas H16 and H17 are not.

Table 5.45: Hypotheses testing related to the 'Early' stage

Hypotheses relating to the Early Stage of the relationship development cycle		Hypothesis supported
H16	***Shared Values*** will have significantly larger association with ***Relationship Performance***, in all stages of the relationship development lifecycle	Hypothesis not supported
H17	***Interpersonal Liking*** will have significantly larger association with ***Relationship Performance***, in the early stage of the relationship development lifecycle	Hypothesis not supported
H19	***Affective Commitment*** will have significantly larger association with ***Relationship Performance***, in the later Early stage of the relationship development lifecycle	**Hypothesis supported**

5.2.3 Build-up stage PLS-SEM Model analysis

This section describes the analysis relating to the '*Build-up'* stage of the relationship development process, for which 120 usable responses were received from respondents to the survey.

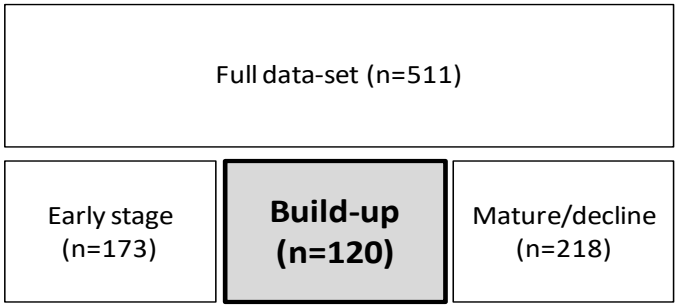

Figure 5.21: Four PLS-SEM analysis models

Conceptual model and hypotheses

Derived in Chapter 4, Figure 5.22 below hypothesises in which parts of the relationship development lifecycle the relationship constructs are likely to be most active in influencing relationship performance.

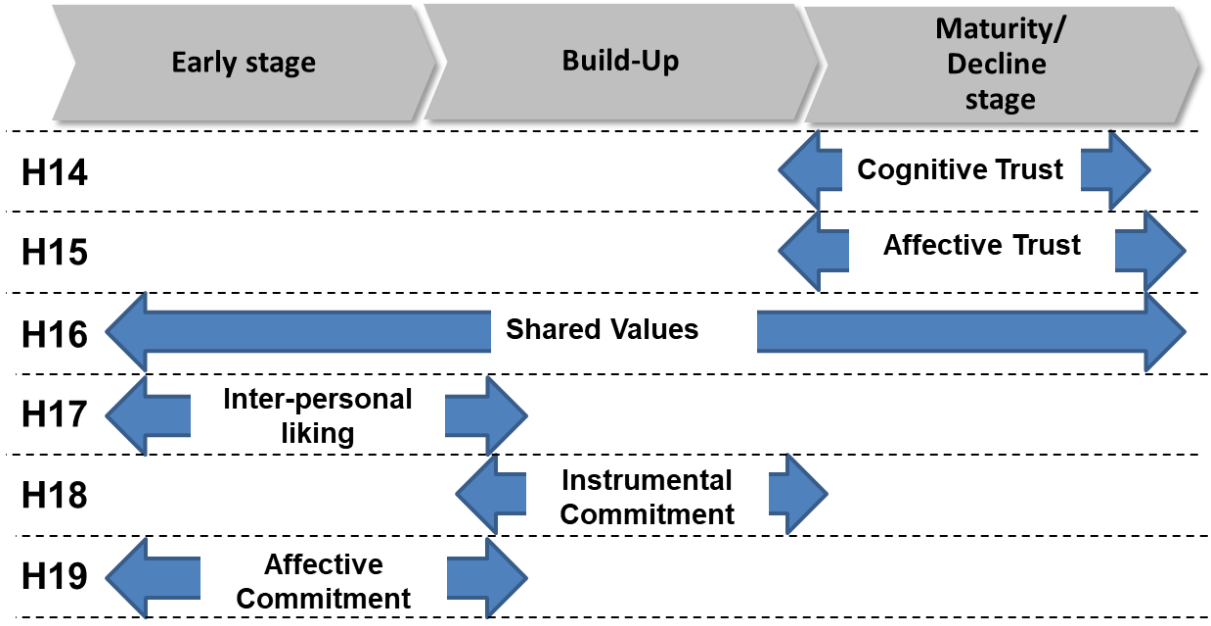

Figure 5.22: Conceptual model – relationship lifecycle

It can be seen from Figure 5.22 above that Shared Values (H16), and Instrumental Commitment is hypothesised as being particularly active in the build-up stage of the relationship development life-cycle. The two corresponding hypotheses are presented in Table 5.46 below.

Table 5.46: Hypotheses' relating to the 'Build-up*'* stage of relationship development

Ref	Hypotheses relating to Relationship Development Constructs
H16	***Shared Values*** will have significantly larger association with ***Relationship Performance***, in all stages of the relationship development lifecycle
H18	***Instrumental Commitment*** will have significantly larger association with *Relationship Performance*, in the later Build-up stage of the relationship development lifecycle

Build-up stage descriptive statistics and factor analysis

Table 5.47 below summarises the descriptive statistics for the '*Build-up'* data-set including the initial analysis the initial analysis relating to the correctness and completeness of the build-up stage data-set, scale validity, goodness of fit and suitability for factor analysis, calculated using SPSS software.

The initial validity of the data-set is assessed using: Kaiser-Meyer-Olkin's (KMO) testing for sampling adequacy; Bartlett's test of sphericity; communality analysis and anti-image correlation analysis. The results are provided in Table 5.47 below and exceed the threshold criteria for the tests performed. On the basis of these results, factor reduction was not deemed necessary at this stage of the analysis, and all constructs were retained for subsequent PLS-SEM analysis.

Table 5.47: Summary of descriptive statistics and factor analysis – build-up stage

Parameter	Reported result	Criteria
Number of responses	120	n
Validity		
KMO	0.770	>0.5
Communalities	All >0.3	All >0.3
Bartlett's	<0.05	<0.05
Anti-image correlation	All >0.5	All >0.5
Goodness of Fit		
Chi Square	>0.05	>0.05
Factors		
Number of factors	9	No.
Accounting for...% Variance	82.97	%
Descriptive stats	1.33	High SD
	0.62	Low SD
	0.18	CV
	4.61	Overall Mean
	0.82	Overall SD

Table 5.47 above also summarises the overall descriptive statistics for the 'Build-up stage' data-set. The overall mean value of ***4.61***, the overall standard deviation (SD) of **0.82** and a coefficient of variance (CV) of ***0.18*** suggests that the data are fairly tightly clustered around the mean value of the data-set.

Table 5.48 below provides the mean values, standard deviation and correlations relating to the relationships constructs.

Table 5.48: Mean, standard deviation and correlations – build-up stage

Early stage data-set	Mean	SD	Ref	Correlations							
Relationship Constructs				1	2	3	4	5	6	7	8
Affective Commitment	4.38	0.65	1								
Instrumental Commitment	5.05	0.90	2	-0.15							
Instrumental Commitment -ve	3.12	0.84	3	-0.05	0.10						
Cognitive Trust	**6.15**	0.73	4	-0.28	-0.01	-0.02					
Affective Trust	4.46	0.77	5	0.30	-0.14	-0.05	-0.26				
Interpersonal liking	4.28	0.97	6	0.26	0.06	-0.02	-0.26	-0.14			
Relationship performance	6.28	0.86	7	-0.29	0.05	0.01	***0.39***	-0.44	-0.14		00 0.
Shared Values	5.83	0.72	8	-0.06	0.05	-0.18	0.30	0.09	-0.04	-0.06	

Cognitive Trust as the highest mean value of ***6.15*** and Instrumental Commitment –ve has the lowest mean value of ***3.12***. It can also be seen that a moderate positive relationship exists (***0.39***) between *'Relationship Performance' and Cognitive Trust.* Figure 5.23 below illustrates that '*Cognitive Trust', 'Relationship Performance'* and *'Shared Values'.*

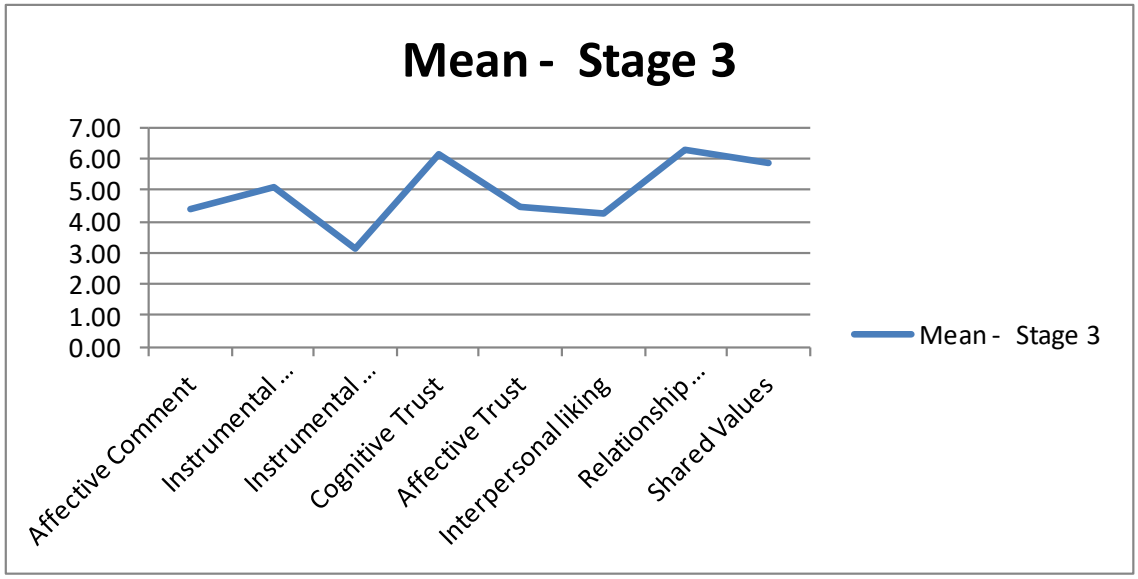

Figure 5.23: Mean scores for Build-up stage.

PLS-SEM measurement model quality assessment

The quality of the measurement model has been assessed using the tests illustrated in Figure 5.19 below using the criteria presented in Table 5.6 above.

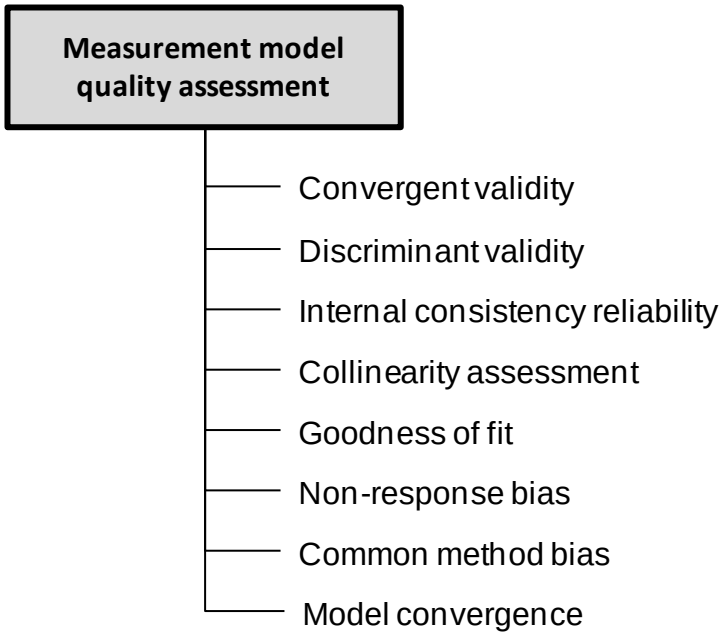

Figure 5.13: Measurement model quality assessment (adapted from Hair et al., 2017 & Henseler et al. 2016).

Convergent validity: 'C*onvergent validity*' is established when the value of the average variance extracted (AVE) is greater than ***0.500*** (Henseler et al., 2016). As can be seen from Table 5.49 below all AVE values are greater than the ***0.500*** criteria and statistically significant at a 5% confidence level. Therefore convergent validity is established.

Table 5.49: Average variance extracted (AVE) results – build-up stage data

	AVE	t-value	p-value	2.5%*	97.5% *
Affective Commitment	0.783	18.000	0.000	0.694	0.860
Affective Trust	0.871	32.735	0.000	0.806	0.913
Cognitive Trust	0.878	35.983	0.000	0.823	0.920
Instrumental Commitment	0.883	28.637	0.000	0.840	0.921
Interpersonal liking	0.856	20.002	0.000	0.774	0.911
Relationship Performance	0.845	19.020	0.000	0.815	0.867
Shared Values	0.848	20.023	0.000	0.813	0.873

(* Denotes confidence levels bias corrected).

Discriminant validity: Discriminant validity is established when the value of the heterotrait-monotrait ratio of correlations (HTMT) is below ***0.900*** (Hair et al., 2017)***.*** As can be seen from Table 5.50 below all HTMT values are less than the ***0.900*** criteria and statistically significant at a 5% confidence level, and therefore discriminant validity is established.

Table 5.50: Heterotrait-monotrait ratio of correlations (HTMT) results – build-up stage data

	HTMT	t-value	p-values	2.5% *	97.5% *
Affective Trust -> Affective Commitment	0.410	3.023	0.003	0.141	0.653
Cognitive Trust -> Affective Commitment	0.368	4.856	0.000	0.203	0.503
Cognitive Trust -> Affective Trust	0.363	4.300	0.000	0.190	0.521
Instrument Commitment -> Affective Commitment	0.237	3.187	0.001	0.102	0.383
Instrument Commitment -> Affective Trust	0.222	2.808	0.005	0.078	0.382
Instrument Commitment -> Cognitive Trust	0.055	1.171	0.242	0.016	0.082
Interpersonal liking - > Affective Commitment	0.380	3.080	0.002	0.147	0.615
Interpersonal liking - > Affective Trust	0.248	1.963	0.050	0.073	0.528
Interpersonal liking - > Cognitive Trust	0.368	5.719	0.000	0.246	0.498
Interpersonal liking - > Instrument Commitment	0.033	0.627	0.531	0.010	0.030
Relationship Performance - > Affective Commitment	0.358	4.665	0.000	0.194	0.499
Relationship Performance - > Affective Trust	0.549	7.193	0.000	0.393	0.689
Relationship Performance - > Cognitive Trust	0.475	5.673	0.000	0.299	0.624
Relationship Performance - > Instrument Commitment	0.097	1.465	0.143	0.029	0.254
Relationship Performance - > Interpersonal liking	0.262	2.624	0.009	0.073	0.460
Shared Values -> Affective Commitment	0.073	1.344	0.179	0.027	0.150
Shared Values -> Affective Trust	0.109	2.248	0.025	0.051	0.206
Shared Values -> Cognitive Trust	0.343	3.811	0.000	0.151	0.507
Shared Values -> Instrument Commitment	0.062	1.179	0.239	0.016	0.114
Shared Values -> Interpersonal liking	0.053	1.149	0.251	0.005	0.096
Shared Values -> Relationship Performance	0.059	1.017	0.309	0.020	0.166

(* Denotes confidence levels bias corrected).

Internal Consistency Reliability: Internal consistency reliability is measured using the composite reliability (CR) coefficient, and where this coefficient is greater than ***0.700*** the model is regarded as being internally consistent and reliable (Hair et al., 2017). As can be seen from Table 5.51 below all CR coefficients above the ***0.700*** criteria and statistically significant at a 5% confidence level, therefore the model is considered internally consistent and reliable.

Table 5.51: Composite reliability (CR) results – build-up stage data

	CR	t-value	p-value	2.5%*	97.5%*
Affective Commitment	0.835	58.115	0.000	0.800	0.861
Affective Trust	0.853	87.233	0.000	0.825	0.869
Cognitive Trust	0.866	129.592	0.000	0.849	0.879
Instrumental Commitment	0.858	41.535	0.000	0.842	0.873
Interpersonal liking	0.822	30.101	0.000	0.773	0.854
Relationship Performance	0.986	278.871	0.000	0.877	0.892
Shared Values	0.886	242.579	0.000	0.877	0.893

(* Denotes confidence levels bias corrected).

Collinearity Assessment: Collinearity statistics are provided by the variance inflation factor (VIF), and a VIF factor below ***five*** implies that collinearity is not a concern (Hair et al., 2017). As can be seen from Table 5.52 below all VIF coefficients are considerably less than the ***five*** criteria, and therefore collinearity is not considered a concern.

Table 5.52: Variance inflation factors (VIF) results

		1	2	3	4	5	6	7
1	**Affective Commitment**				1.157		1.434	
2	**Affective Trust**			1.008		1.000	1.322	000
3	**Cognitive Trust**				1.305		1.318	
4	**Instrumental Commitment**						1.105	
5	**Interpersonal liking**						1.262	
6	**Relationship Performance**							
7	**Shared Values**	1.002	1.042	1.008	1.138			

.

Goodness of fit: The standardised root mean square residual (SRMR) of ***0.080*** is used as the criteria to determine the goodness of fit of the model and data (Henseler et al., 2014). The actual SRMR value for the saturated model is ***0.035*** and ***0.057*** for the estimated model both of which are statistically significant at a 5% confidence level. As both SRMR values are less than ***0.080,*** a good fit is present.

Model Convergence: The '*Path*' weighting scheme is selected with the maximum number of iterations set at 300 and the '*Stop Criteria'* set at 10^-7^. The model converged after ***seven*** iterations which are rapid and substantially less than 300 iteration limit set in SmartPLS™, indicating that there are no errors or structural problems with the data or model (Hair et al., 2017).

Outer model loadings: A total of eight outer loadings of the measurement model, between the indicator and latent variable, correlated at a value less than **0.70** and were therefore removed and the model re-run in providing the results in this section (Hair et al., 2017). The indicators removed from the model were AffTrust2, InstComn 1, InstComn 2, InstComn 3, InstComn 4, InstCom 4 InterPer 1 and InterPer 3.

Table 5.53 below provides a summary of the PLS-SEM model quality assessment.

Table 5.53: Summary of PLS-SEM model quality assessment – build-up stage data

Model quality assessment		
Method	**Criteria**	**Results**
Convergent validity	All AVE > **0.50**	Lowest value ***0.783*** (Affective commitment)
Discriminant validity	All HTMT < **0.90**	Highest value ***0.549*** (RelPerf -> Affect Trust)
Internal consistency reliability	All CR > **0.70**	All composite reliability results greater than 0.70 (lowest 0.822)
Collinearity issues	Most VIF < **5**	Highest VIF for *AffectCom -> RelPerf* = **1.434**
Goodness of fit	SRMR <**0.08**	SRMR 0.035 (Estimated) and 0.057 (Saturated)
Model convergence	Max iterations **300**	Model converged after ***7*** iterations
Outer model loadings	All > **0.70**	Eight outer loadings were less than 0.70 and were removed.

Build-up PLS-SEM structural model assessment

Having determined above that the PLS-SEM measurement model is of sufficient quality, in this Section the PLS-SEM structural model is assessed using the 5 Step procedure illustrated in Figure 5.25 below.

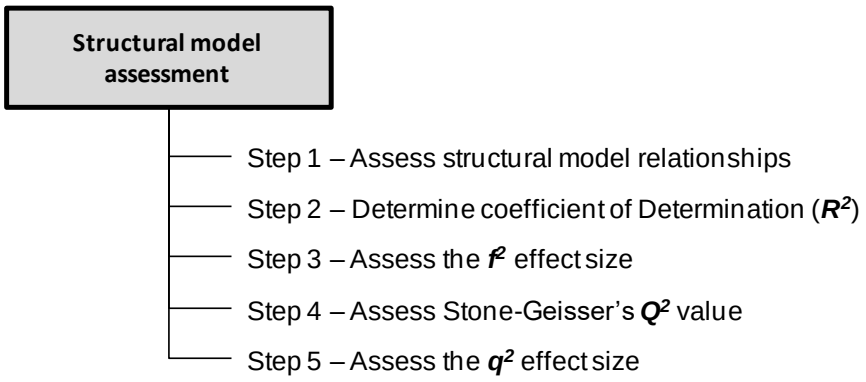

Figure 5.25: Structural model assessment procedure (adapted from Hair et al., 2017 & Henseler et al. 2016).

Step 1 – Assess structural model relationships

In Step 1, the path coefficients, *t-values* and *p-values* are established in determining the strength and statistical significance of the relationships within the structural model for their ***direct***, ***indirect*** and ***total effect***. The ***direct effect*** is interpreted as predicting the change in the dependent variable, whereas the ***indirect effects***, and their inference statistics, are important for mediation analysis (Zhao et al., 2010). The ***total effect*** combines both the direct and indirect effects in providing an overall picture of the relationships within the structural model.

Direct effect: The results of the '*direct effect'* on the structural model relationships are provided in Table 81 below. As can be seen three strong and statistically significant relationships are present, one of which is positive. Three medium strength statistically significant relationships are also present, of which two are positive.

Table 5.54: Strength and significance of *direct effect* relationships – build-up stage data

		PC	t-value	p-value	Strength	Significant?
H1	Cognitive Trust -> Instrumental Commitment	-0.092	0.902	0.367	Small (-ve)	No
H2	Affective Commitment -> Relationship Performance	-0.114	1.098	0.272	Medium (-ve)	No
H3	Cognitive Trust -> Relationship Performance	0.276	2.962	0.003	Medium	Yes
H4	Affective Trust -> Interpersonal liking	0.243	2.050	0.040	Medium	Yes
H5	Interpersonal liking -> Relationship Performance	0.672	0.672	0.672	Strong	No
H6	Affective Trust -> Relationship Performance	-0.404	4.239	0.000	Strong (-ve)	Yes
H7	Affective Trust -> Cognitive Trust	-0.384	5.151	0.000	Strong (-ve)	Yes
H8	Affective Commitment -> Instrumental Commitment	-0.254	2.863	0.004	Medium (-ve)	Yes
H9	Instrumental Commitment -> Relationship Performance	-0.065	0.366	0.714	Small (-ve)	No
H10	**Shared values -> Cognitive Trust**	**0.370**	**4.226**	**0.000**	**Strong**	**Yes**
H11	Shared values -> Affective Trust	0.094	1.326	0.185	Small	No
H12	Shared values -> Affective Commitment	-0.093	1.112	0.266	Small (-ve)	No
H13	Shared values -> Instrumental Commitment	0.090	0.762	0.446	Small	No

Indirect (mediating) effect: The results of the overall net *indirect effect* are presented in Table 5.55 below. In determining the mediating effect type, the *indirect effect* results are compared to the *direct effects* results. Where there is no statistically significant *direct effect* and a significant *indirect effect*, full mediation is considered to have occurred. Where both direct and indirect effects are significant partial mediation is deemed to have occurred.

Table 5.55: Strength and significance of *indirect effect* relationships – build-up stage data

				Mediating effect		
	PC	t-value	p-values	Strength	Significant?	Type
Cognitive Trust -> Instrumental Commitment						
Affective Commitment -> Relationship Performance	0.016	0.310	0.757	Small	No	None
Cognitive Trust -> Relationship Performance	0.006	0.152	0.879	None	No	None
Affective Trust -> Interpersonal liking						
Interpersonal liking -> Relationship Performance						
Affective Trust -> Relationship Performance	-0.111	2.459	0.014	Medium	Yes	None
Affective Trust -> Cognitive Trust						
Affective Commitment -> Instrumental Commitment	0.035	0.894	0.372	Small	No	None
Instrumental Commitment -> Relationship Performance						
Shared values -> Cognitive Trust	-0.036	1.253	0.210	Small (-ve)	No	None
Shared values -> Interpersonal liking	0.023	0.962	0.336	Small	No	None
Shared values -> Relationship performance	0.074	1.340	0.180	Small	No	None
Shared values -> Instrumental Commitment	-0.031	0.118	0.906	Small (-ve)	No	None

As can be seen from Table 5.55 above, there are no mediating relationships, and there all relationships are deemed to be '*direct' effect* relationships. The '*Total effect'* results are presented in Table 5.56 below.

Table 5.56: Strength and significance of the *total effect* relationships – build-up stage data

		PC	t-value	p-values	Strength	Significant?
H1	Cognitive Trust -> Instrumental Commitment	-0.092	0.902	0.367	Small (-ve)	No
H2	Affective Commitment -> Relationship Performance	-0.110	1.096	0.273	Medium	No
H3	Cognitive Trust -> Relationship Performance	0.277	3.029	0.002	Medium	Yes
H4	Affective Trust -> Interpersonal liking	0.243	2.050	0.040	Medium	Yes
H5	Interpersonal liking -> Relationship Performance	-0.070	0.423	0.672	Small (-ve)	No
H6	Affective Trust -> Relationship Performance	-0.515	5.980	0.000	Strong (-ve)	Yes
H7	Affective Trust -> Cognitive Trust	-0.384	5.151	0.000	Strong (-ve)	Yes
H8	Affective Commitment -> Instrumental Commitment	-0.254	2.863	0.004	Strong	Yes
H9	Instrumental Commitment -> Relationship Performance	-0.065	0.366	0.714	Small (-ve)	No
H10	**Shared values -> Cognitive Trust**	**0.338**	**3.847**	**0.000**	**Strong**	**Yes**
H11	Shared values -> Affective Trust	0.094	1.326	0.185	Small	No
H12	Shared values -> Affective Commitment	-0.093	1.112	0.266	Small (-ve)	No
H13	Shared values -> Instrumental Commitment	0.087	0.748	0.454	Small (-ve)	No

As can be seen from Table 5.56 above, four strong and statistically significant relationships are present, one of which is positive. Two medium strength statistically significant relationships are also present, of which both are positive.

Step 2 – Determine the coefficient of Determination *(R^2)*

The values of ***R^2*** and ***R^2 adjusted*** are presented in Tables 5.57 and 5.58 below.

Table 5.57: ***R^2*** results – build-up stage data

	R^2	t-value	p-value	2.5%*	97.5%*
Affective Commitment	0.013	0.327	0.744	0.000	0.045
Affective Trust	0.013	0.459	0.646	0.000	0.052
Cognitive Trust	0.273	3.274	0.001	0.105	0.397
Instrumental Commitment +Ve	0.082	1.456	0.146	0.004	0.115
Interpersonal liking	0.072	0.894	0.371	0.000	0.206
Relationship Performance	0.404	5.545	0.000	0.224	0.471

(* Denotes confidence levels bias corrected).

Table 5.58: *R^2 adjusted* results – build-up stage data

	R^2 Adjusted	t-value	p-value	2.5%*	97.5%*	Significant?
Affective Commitment	0.005	0.203	0.839	-0.008	0.037	No
Affective Trust	0.004	0.089	0.929	-0.008	0.044	No
Cognitive Trust	0.260	3.059	0.002	0.090	0.387	Yes
Instrumental Commitment +Ve	0.058	0.815	0.415	-0.022	0.093	No
Interpersonal liking	0.064	0.754	0.451	-0.008	0.199	No
Relationship Performance	**0.377**	4.915	0.000	0.190	0.448	Yes

. (* Denotes confidence levels bias corrected).

As shown in Table 5.58 above '*Relationship Performance'* has an ***R^2 Adjusted*** value of **0.377** which is approaching a moderate predictive accuracy, whereas *'cognitive trust'* has a value of 0.260 which indicates a relatively weak level of predictive accuracy. The remaining variables with ***R^2 Adjusted*** values less than 0.25 are not considered as having any meaningful predictive accuracy.

Step 3 – Assess the f^2 effect size

Table 5.59 below provides the ***f^2*** effect size results.

Table 5.59: ***f^2*** effect size results – build-up stage data

		f^2	t-value	p-values	Effect	Significant?
H1	Cognitive Trust -> Instrumental Commitment	0.011	0.199	0.843	None	No
H2	Affective Commitment -> Relationship Performance	0.023	0.313	0.755	Small	No
H3	Cognitive Trust -> Relationship Performance	0.111	1.353	0.176	Small	No
H4	Affective Trust -> Interpersonal liking	0.083	0.725	0.469	Small	No
H5	Interpersonal liking -> Relationship Performance	0.010	0.044	0.965	None	No
H6	Affective Trust -> Relationship Performance	0.214	1.786	0.074	Medium	No
H7	Affective Trust -> Cognitive Trust	0.216	1.976	0.048	Medium	Yes
H8	Affective Commitment -> Instrumental Commitment	0.070	1.277	0.202	Small	No
H9	Instrumental Commitment -> Relationship Performance	0.010	0.033	0.973	None	No
H10	Shared values -> Cognitive Trust	0.205	1.638	0.102	Medium	No
H11	Shared values -> Affective Trust	0.013	0.435	0.663	None	No
H12	Shared values -> Affective Commitment	0.013	0.309	0.757	None	No
H13	Shared values -> Instrumental Commitment	0.012	0.143	0.887	None	No

As can be seen from Table 5.59 above the only ***f^2*** effect size considered as statistically significant is *'Affective Trust ->Cognitive Trust,* with a medium-sized effect of 0.216.

Step 4 – Assess Stone-Geisser's Q^2 value

The Q^2 values of predictive relevance are provided in Table 5.60 below for each of the relationship constructs.

Table 5.60: Q^2 results – build-up stage data

	Q^2
Affective Commitment	0.002
Affective Trust	0.004
Cognitive Trust	0.209
Instrumental Commitment	0.034
Interpersonal liking	0.035
Relationship Performance	0.322
Shared Values	0.002

As all Q^2 values are above zero, the model has predictive relevance.

As shown in Table 5.61 below, none of the results is considered to be of significance.

Table 5.61: R^2 Adjusted and Q^2 results – build-up stage data

	R^2 Adjusted	Q^2
Affective Commitment	0.037	0.002
Affective Trust	0.044	0.004
Cognitive Trust	0.387	0.209
Instrumental Commitment	0.093	0.034
Interpersonal liking	0.199	0.035
Relationship Performance	0.448	0.322
Shared Values	0.037	0.002

Step 5 - Assess the q^2 effect size

The values of the q^2 effect size are provided in Table 5.62 below and were calculated manually using the formula (Hair et al., 2017):

$$q^2 = \frac{Q^2 \text{ Included} - Q^2 \text{ Excluded}}{1 - Q^2 \text{ Included}}$$

Table 5.62: q^2 effect size – build-up stage data

		1	2	3	4	5	6	7
1	**Affective Commitment**							
2	**Affective Trust**							
3	**Cognitive Trust**	-0262	-0.259					
4	**Instrumental Commitment**	-0.033	-0.030	0.182				
5	**Interpersonal liking**	-0.034	-0.032	0.181				
6	**Relationship Performance**	-0.472	-0.469	-0.166	-0.425	-0.423		0000
7	**Shared Values**				0.029	0.030	0.319	

(results less than 0.02 not shown)

As can be seen from Table 5.62 above the q^2 effect size is not significant for any of the relationship constructs.

Table 5.63: R^2 Adjusted, Q^2 and q^2 effect size results – build-up stage data

	R^2 Adjusted	Q^2
Affective Commitment	0.037	0.002
Affective Trust	0.044	0.004
Cognitive Trust	**0.387**	**0.209**
Instrumental Commitment	0.093	0.034
Interpersonal liking	0.199	0.035
Relationship Performance	**0.448**	**0.322**
Shared Values	0.037	0.002

Hypothesis testing

Table 5.64 below summaries the results of the testing of the hypotheses for the *Build-Up* stage dataset using the conceptual model.

Table 5.64: Summary of hypothesis tests

Hypotheses		Supported?	Comments
H1	Cognitive Trust -> Instrumental Commitment	No	Hypothesis not supported
H2	Affective Commitment -> Relationship Performance	No	Hypothesis not supported
H3	Cognitive Trust -> Relationship Performance	Yes	A medium and statistically significant relationship
H4	Affective Trust -> Interpersonal liking	Yes	A medium and statistically significant relationship
H5	Interpersonal liking -> Relationship Performance	No	Hypothesis not supported
H6	Affective Trust -> Relationship Performance	No	Hypothesis not supported
H7	Affective Trust -> Cognitive Trust	No	Hypothesis not supported
H8	Affective Commitment -> Instrumental Commitment	No	Hypothesis not supported
H9	Instrumental Commitment -> Relationship Performance	No	Hypothesis not supported
H10	**Shared values -> Cognitive Trust**	**Yes**	**A strong and statistically significant relationship**
H11	Shared values -> Affective Trust	No	Hypothesis not supported
H12	Shared values -> Affective Commitment	No	Hypothesis not supported
H13	Shared values -> Instrumental Commitment	No	Hypothesis not supported

In the Build-Up stage of the relationship development process 'Cognitive Trust' has both medium predictive accuracy (***R^2 adjusted***) and medium predictive relevance (***Q^2***).

As shown in Table 5.65 below, the testing of the hypotheses specifically related to the 'Build-Up' stage of the relationship development is shown. Neither hypotheses are supported.

Table 5.65: Hypotheses related to the '*Build-up'* stage

Hypotheses relating to the Early Stage of the relationship development cycle		Hypothesis supported
H16	***Shared Values*** will have significantly larger association with ***Relationship Performance***, in all stages of the relationship development lifecycle	Hypothesis not supported
H18	***Instrumental Commitment*** will have significantly larger association with *Relationship Performance*, in the later Build-up stage of the relationship development lifecycle	Hypothesis not supported

5.2.4 Mature/decline PLS-SEM Model analysis

This section describes the analysis relating to the 'Mature/decline' stage of the relationship development process, for which 218 usable responses were received from respondents to the survey.

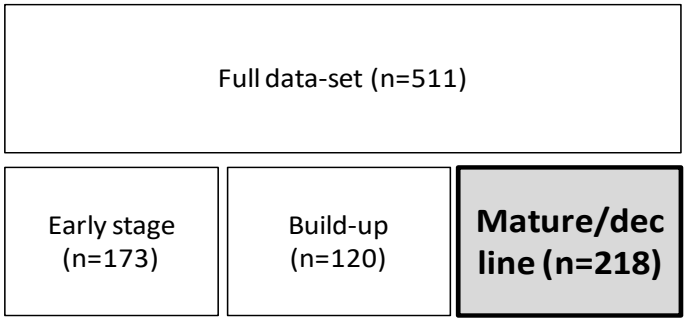

Figure 5.27: Four PLS-SEM analysis models – mature/decline

Conceptual model and hypotheses

Derived in Chapter 4, Figure 5.17 below hypothesises in which parts of the relationship development lifecycle the relationship constructs are likely to be most active in influencing relationship performance.

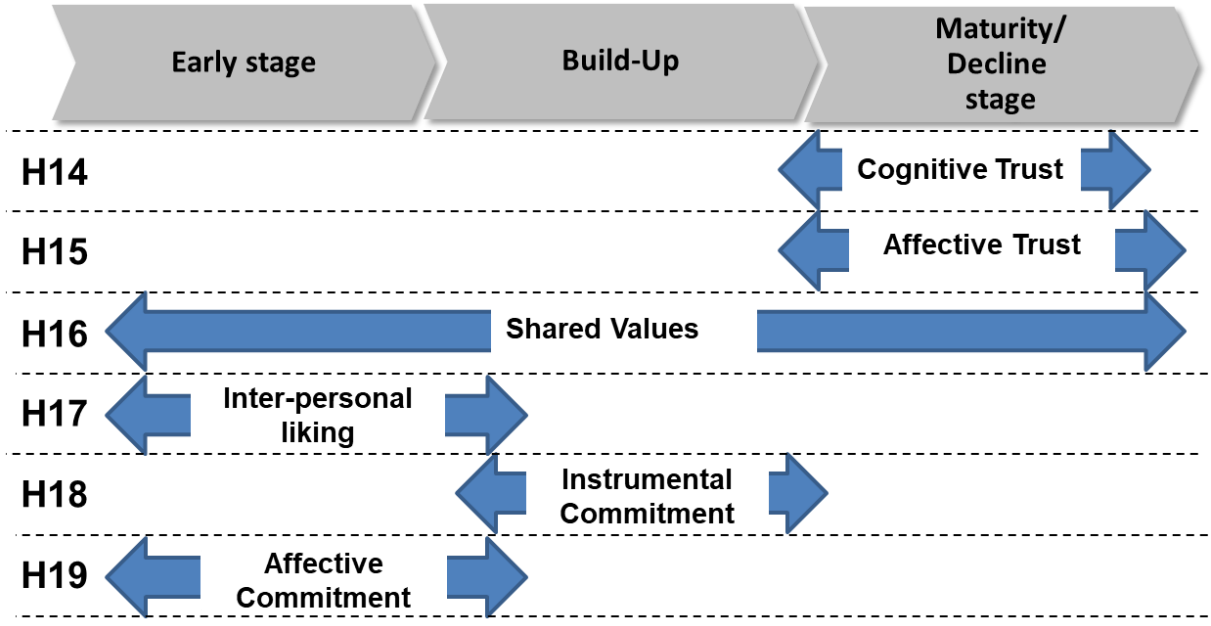

Figure 5.17: Conceptual model – relationship lifecycle

It can be seen from Figure 5.17 above that Cognitive Trust (H14), Affective Trust (H15) and Shared Values (H16) hypothesised as being particularly active in the mature/decline stage of the relationship development life-cycle. The corresponding hypotheses are presented in Table 5.66 below.

Table 5.66: Hypotheses' relating to the Mature/Decline stage of relationship development

Ref	Hypotheses relating to Relationship Development Constructs
H14	***Cognitive Trust*** will have significantly larger association with ***Relationship Performance***, in the later Mature/decline stage of the relationship development lifecycle
H15	***Affective Trust*** will have significantly larger association with ***Relationship Performance***, in the Mature/decline stage of the relationship development lifecycle
H16	***Shared Values*** will have significantly larger association with ***Relationship Performance***, in all stages of the relationship development lifecycle

Descriptive statistics

Table 5.67 below summarises the descriptive statistics for the ''Mature/decline'' data-set including the initial analysis relating to scale validity, goodness of fit and suitability for factor analysis, calculated using SPSS software.

The initial validity of the data-set is assessed using: Kaiser-Meyer-Olkin's (KMO) testing for sampling adequacy; Bartlett's test of sphericity; communality analysis and anti-image correlation analysis. The results are provided in Table 5.67 below and exceed the threshold criteria for the tests performed. On the basis of these results, factor reduction was not deemed necessary, and all constructs were retained for subsequent PLS-SEM analysis.

Table 5.67: Summary of descriptive statistics and factor analysis – mature/decline stage dataset

Parameter	Reported value	Criteria
Number of responses	218	n
Validity		
KMO	0.812	>0.5
Communalities	All >0.3	All >0.3
Bartlett's	<0.05	<0.05
Anti-image correlation	All >0.5	All >0.5
Goodness of Fit		
Chi Square	>0.05	>0.05
Factors		
Number of factors	9	No.
Accounting for...% Variance	76.00%	%
Descriptive stats	1.18	High SD
	0.64	Low SD
	0.18	CV
	4.65	Overall Mean
	0.83	Overall SD

Table 5.67 above also summarises the overall descriptive statistics for the 'Mature/Decline *Stage'* data-set. The overall mean value of ***4.65***, the overall standard deviation (SD) of 0.83 and a coefficient of variance (CV) of ***0.18***

suggests that the data are fairly tightly clustered around the mean value of the data-set.

Table 5.68 below provides the mean values, SD and correlations relating to the relationships constructs.

Table 5.68: Mean, standard deviation and correlations – mature/decline stage dataset

Early stage data-set	Mean	SD	Ref	Correlations							
Relationship Constructs				1	2	3	4	5	6	7	8
Affective Commitment	4.45	0.74	1								
Instrumental Commitment	4.56	0.79	2	0.25							
Instrumental Commitment -ve	2.67	1.02	3	0.22	0.19						
Cognitive Trust	4.54	0.74	4	0.50	0.26	0.18					
Affective Trust	**6.60**	0.71	5	-0.24	-0.09	-0.18	-0.22				
Interpersonal liking	4.33	0.88	6	0.38	0.19	0.14	0.43	-0.11			
Relationship performance	6.48	0.73	7	-0.25	-0.17	-0.26	-0.25	**0.60**	-0.16		00 0.
Shared Values	5.80	0.77	8	0.11	0.11	-0.08	0.12	0.16	0.16	0.04	

Affective Trust as the highest mean value of ***6.60*** and Instrumental Commitment –ve has the lowest mean value of 2.67. It can also be seen that a strong positive relationship exists (***0.60***) between *'Relationship Performance' and Affective Trust.*

Figure 5.26 below illustrates that '*Affective Trust'*, '*Relationship Performance* and '*Shares Values'* have high mean scores as compared to those constructs that are more cognitive or instrumental in nature.

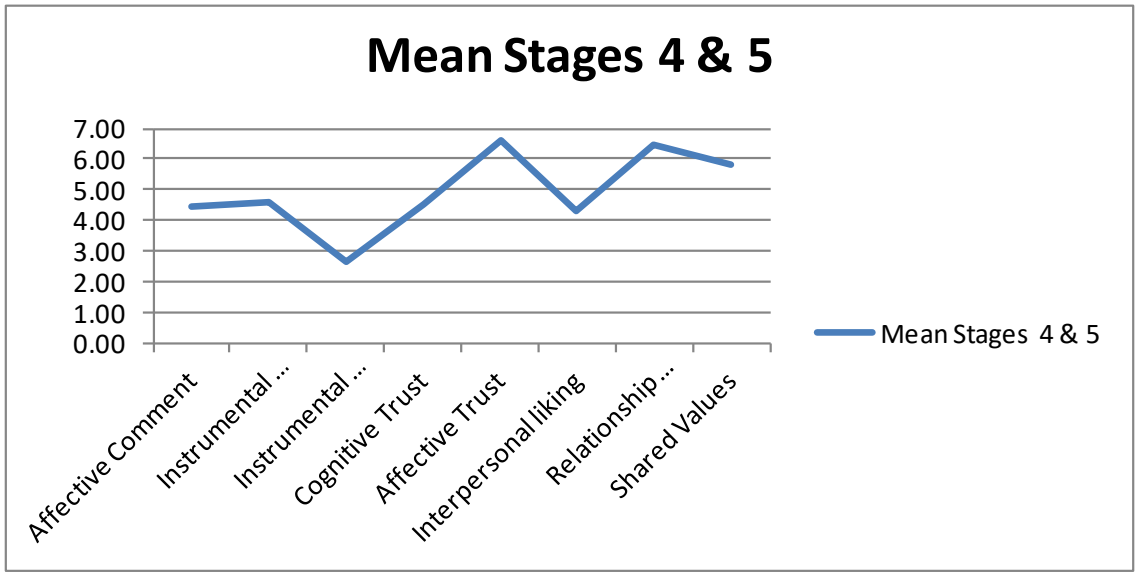

Figure 5.26: Mean scores for the mature/decline stage

PLS-SEM measurement model quality assessment

The quality of the measurement model has been assessed using the tests illustrated in Figure 5.13 below using the criteria presented in Table 5.13 above.

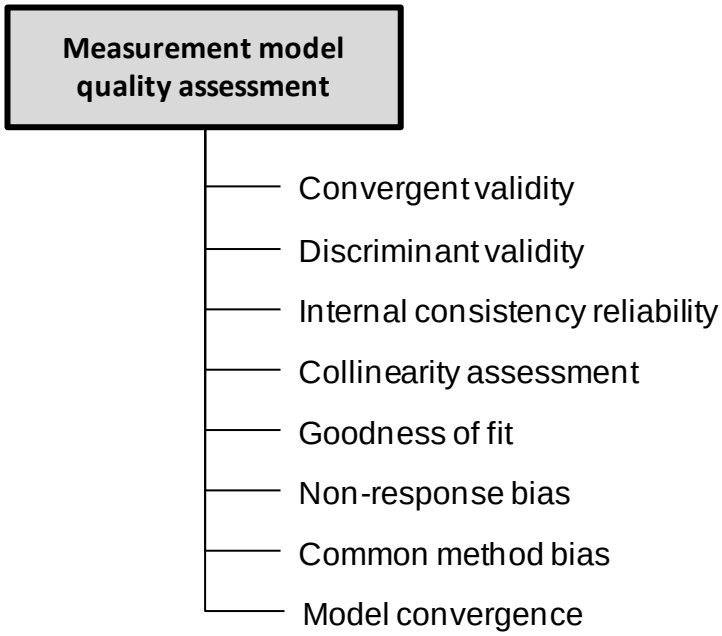

Figure 5.13: Measurement model quality assessment (adapted from Hair et al., 2017 & Henseler et al. 2016).

Convergent validity: 'C*onvergent validity*' is established when the value of the average variance extracted (AVE) is greater than ***0.500*** (Henseler et al., 2016). As can be seen from Table 5.69 below all AVE values are greater than the ***0.500*** criteria, and statistically significant at the 5% confidence threshold. Therefore convergent validity is established.

Table 5.69: Average variance extracted (AVE) results – mature/decline stage dataset

	AVE	t-value	p-value	2.5%*	97.5% *
Affective Commitment	0.798	32.821	0.000	0.746	0.843
Affective Trust	0.830	46.456	0.000	0.793	0.857
Cognitive Trust	0.861	56.777	0.000	0.830	0.889
Instrumental Commitment	0.679	18.232	0.000	0.614	0.723
Interpersonal liking	0.789	33.432	0.000	0.751	0.832
Relationship Performance	0.824	58.495	0.000	0.791	0.852
Shared Values	0.875	13.305	0.000	0.761	0.924

(* Denotes confidence levels bias corrected).

Discriminant validity: Discriminant validity is established when the value of the heterotrait-monotrait ratio of correlations (HTMT) is below ***0.900*** (Hair et al., 2017)***.*** As can be seen from Table 5.70 below all HTMT values are less than the ***0.900*** criteria, and statistically significant at the 5% confidence threshold. Therefore discriminant validity is established.

Table 5.70: Heterotrait-monotrait ratio of correlations (HTMT) results – mature/decline stage dataset

	HTMT	t-value	p-values	2.5% *	97.5% *
Affective Trust -> Affective Commitment	0.384	3.109	0.002	0.119	0.593
Cognitive Trust -> Affective Commitment	0.652	9.984	0.000	0.498	0.758
Cognitive Trust -> Affective Trust	0.331	2.836	0.005	0.085	0.528
Instrument Commitment -> Affective Commitment	0.458	8.044	0.000	0.341	0.562
Instrument Commitment -> Affective Trust	0.235	2.946	0.003	0.078	0.389
Instrument Commitment -> Cognitive Trust	0.462	8.123	0.000	0.335	0.563
Interpersonal liking - > Affective Commitment	0.581	12.556	0.000	0.481	0.661
Interpersonal liking - > Affective Trust	0.319	3.569	0.000	0.143	0.493
Interpersonal liking - > Cognitive Trust	0.605	12.477	0.000	0.498	0.687
Interpersonal liking - > Instrument Commitment	0.326	5.647	0.000	0.204	0.433
Relationship Performance - > Affective Commitment	0.313	2.791	0.005	0.087	0.499
Relationship Performance - > Affective Trust	0.705	9.446	0.000	0.536	0.828
Relationship Performance - > Cognitive Trust	0.297	2.664	0.008	0.075	0.485
Relationship Performance - > Instrument Commitment	0.246	3.095	0.002	0.087	0.396
Relationship Performance - > Interpersonal liking	0.319	4.143	0.000	0.164	0.462
Shared Values -> Affective Commitment	0.152	2.695	0.007	0.070	0.279
Shared Values -> Affective Trust	0.152	1.613	0.107	0.050	0.406
Shared Values -> Cognitive Trust	0.149	2.179	0.029	0.047	0.301
Shared Values -> Instrument Commitment	0.114	1.984	0.047	0.027	0.237
Shared Values -> Interpersonal liking	0.152	2.566	0.010	0.041	0.269
Shared Values -> Relationship Performance	0.066	0.942	0.346	0.030	0.111

(* Denotes confidence levels bias corrected).

Internal Consistency Reliability: Internal consistency reliability is measured using the composite reliability (CR) coefficient, and where this coefficient is greater than ***0.700*** the model is regarded as being internally consistent and reliable (Hair et al., 2017). As can be seen from Table 5.71 below all CR coefficients are above the ***0.700*** criteria and statistically significant at the 5% confidence threshold. Therefore the model is considered internally consistent and reliable.

Table 5.71: Composite reliability (CR) results – mature/decline stage dataset

	CR	t-value	p-value	2.5%*	97.5%*
Affective Commitment	0.712	19.912	0.000	0.678	0.745
Affective Trust	0.823	16.237	0.000	0.756	0.857
Cognitive Trust	0.764	20.617	0.000	0.723	0.789
Instrumental Commitment	0.705	8.112	0.000	0.655	0.738
Interpersonal liking	0.889	17.322	0.000	0.858	0.927
Relationship Performance	0.844	19.288	0.000	0.807	0.901
Shared Values	0.814	18.772	0.000	0.769	0.839

(* Denotes confidence levels bias corrected).

Collinearity Assessment: Collinearity statistics are provided by the variance inflation factor (VIF), and a VIF factor below ***five*** implies that collinearity is not a concern (Hair et al., 2017). As can be seen from Table 5.72 below all VIF coefficients are less than the ***five*** criteria. All the VIF values are considerably less than 5, and therefore collinearity is not considered a concern.

Table 5.72: Variance inflation factors (VIF) results – mature/decline stage dataset

		1	2	3	4	5	6	7
1	**Affective Commitment**				1.734		2.085	
2	**Affective Trust**			1.022		1.005	1.202	000
3	**Cognitive Trust**				1.305		2.117	
4	**Instrumental Commitment**						1.349	
5	**Interpersonal liking**						1.756	
6	**Relationship Performance**							
7	**Shared Values**	1.004	1.100	1.022	1.027			

Goodness of fit: The standardised root mean square residual (SRMR) of ***0.080*** is used as the criteria to determine the goodness of fit of the model and data (Henseler et al., 2014). The actual SRMR value for the saturated model is ***0.046*** and ***0.073*** for the estimated model both of which are statistically significant at a 5% confidence level. As both SRMR values are less than ***0.080,*** a good fit is present.

Model Convergence: The '*Path*' weighting scheme is selected with the maximum number of iterations set at 300 and the '*Stop Criteria'* set at 10^-7^. The model converged after ***six*** iterations which are rapid and substantially less than 300 iteration limit set in SmartPLS™, indicating that there are no errors or structural problems with the data or model (Hair et al., 2017).

Outer model loadings: A total of eleven outer loadings of the measurement model, between the indicator and latent variable, correlated at a value less than **0.70** and were therefore removed and the model re-run in providing the results in this section (Hair et al., 2017). The indicators removed from the model were AffTrust4, InstComn 1, InstComn 2, InstComn 3, InstComn 4, InstCom 1, InstCom 3, InstCom 4, InterPer 1, InterPer 2 and InterPer 4.

Table 5.73 below provides a summary of the PLS-SEM model quality assessment.

Table 5.73: Summary of PLS-SEM measurement model quality assessment– mature/decline stage dataset

Measurement model quality assessment		
Method	**Criteria**	**Results**
Convergent validity	All AVE > **0.50**	Lowest value ***0.679*** (Instrumental Commitment +Ve)
Discriminant validity	All HTMT < **0.90**	Highest value ***0.705*** (RelPerf -> AffectTrust)
Internal consistency reliability	All CR > **0.70**	All composite reliability results greater than ***0.70*** (lowest: 0.712)
Collinearity issues	Most VIF < **5**	Highest VIF for CogTrst->*RelPerf* =***2.117***
Goodness of fit	SRMR <**0.08**	SRMR 0.046 Estimated model and 0.073 for the saturated model
Model convergence	Max iterations **300**	Model converged after ***6*** iterations
Outer model loadings	All > **0.70**	***Eleven*** outer loadings were less than 0.70 and were removed.

Mature/Decline PLS-SEM structural model assessment

Having determined that the PLS-SEM measurement model is of sufficient quality, in this Section the PLS-SEM structural model is assessed using the 5 Step procedure illustrated in Figure 5.27 below.

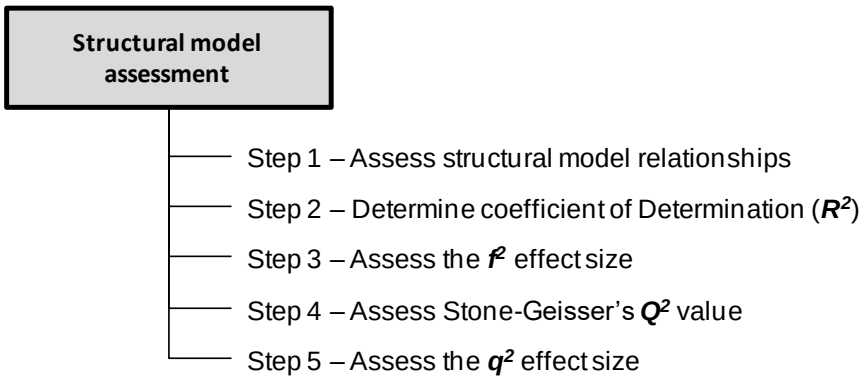

Figure 5.27: Structural model assessment procedure (adapted from Hair et al., 2017 & Henseler et al. 2016).

Step 1 – Assess structural model relationships

In Step 1, the path coefficients, *t-values* and *p-values* are established in determining the strength and statistical significance of the relationships within the structural model for their ***direct***, ***indirect*** and ***total effect***. The ***direct effect*** is interpreted as predicting the change in the dependent variable, whereas the ***indirect effects***, and their inference statistics, are important for mediation analysis (Zhao et al., 2010). The ***total effect*** combines both the direct and indirect effects in providing an overall picture of the relationships within the structural model.

Direct effect: The results of the '*direct effect'* on the structural model relationships are provided in Table 5.73 below. As can be seen from Table 5.73, two strong and statistically significant relationships are present, one of which is positive. Four medium strength and statistically significant relationships are also present, of which three of which are positive.

Table 5.74: Strength and significance of *direct effect* relationships – mature/decline stage dataset

		PC	t-value	p-value	Strength	Significant?
H1	Cognitive Trust -> Instrumental Commitment	0.284	3.819	0.000	Medium	Yes
H2	Affective Commitment -> Relationship Performance	0.027	0.368	0.713	Small	No
H3	Cognitive Trust -> Relationship Performance	-0.008	0.115	0.908	None	No
H4	Affective Trust -> Interpersonal liking	-0.314	3.605	0.000	Medium	Yes
H5	Interpersonal liking -> Relationship Performance	-0.100	1.484	0.138	Small	No
H6	**Affective Trust -> Relationship Performance**	**0.642**	**5.583**	**0.000**	**Strong**	**Yes**
H7	Affective Trust -> Cognitive Trust	-0.345	4.001	0.000	Strong (-ve)	Yes
H8	Affective Commitment -> Instrumental Commitment	0.264	3.378	0.001	Medium	Yes
H9	Instrumental Commitment -> Relationship Performance	-0.070	1.361	0.174	Small (-ve)	No
H10	Shared values -> Cognitive Trust	0.194	2.113	0.035	Medium	Yes
H11	Shared values -> Affective Trust	0.143	1.067	0.286	Medium	No
H12	Shared values -> Affective Commitment	0.134	1.706	0.088	Medium	No
H13	Shared values -> Instrumental Commitment	0.036	0.599	0.549	Small	No

Indirect (mediating) effect: The results of the overall net *indirect effect* are presented in Table 5.75 below. In determining the mediating effect type, the *indirect effect* results are compared to the *direct effects* results. Where there is no statistically significant *direct effect* and a significant *indirect effect*, full mediation is considered to have occurred. Where both direct and indirect effects are significant, partial mediation is deemed to have occurred.

As can be seen from Table 5.74 below, no mediating relationships are present, and all are deemed to be *direct effect* relationships.

Table 5.75: Strength and significance of *indirect effect* relationships

				Mediating effect		
	PC	t-value	p-values	Strength	Significant?	Type
Cognitive Trust -> Instrumental Commitment						
Affective Commitment -> Relationship Performance	-0.019	1.211	0.226	Small (-ve)	No	None
Cognitive Trust -> Relationship Performance	-0.020	1.231	0.218	Small (-ve)	No	None
Affective Trust -> Interpersonal liking						
Interpersonal liking -> Relationship Performance	0.041	1.192	0.233	Small	No	None
Affective Trust -> Relationship Performance						
Affective Trust -> Cognitive Trust						
Affective Commitment -> Instrumental Commitment	-0.098	2.499	0.012	Small (-ve)	Yes	None
Instrumental Commitment -> Relationship Performance						
Shared values -> Cognitive Trust	-0.049	1.135	0.257	Small (-ve)	No	None
Shared values -> Interpersonal liking	-0.045	1.136	0.256	Small (-ve)	No	None
Shared values -> Relationship performance	0.091	0.831	0.406	Small	No	None
Shared values -> Instrumental Commitment	0.077	1.869	0.062	Small	No	None

Total effect: As can be seen from Table 5.76 below, two strong and statistically significant relationships are present, one of which is positive. Three medium strength strong and statistically significant relationships are also present, of which two are positive.

Table 5.76: Strength and significance of the *total effect* relationships – mature/decline stage dataset

		PC	t-value	p-values	Strength	Significant?
H1	Cognitive Trust -> Instrumental Commitment	0.284	3.819	0.000	Medium	Yes
H2	Affective Commitment -> Relationship Performance	0.008	0.113	0.910	None	No
H3	Cognitive Trust -> Relationship Performance	-0.028	0.404	0.686	Small (-ve)	No
H4	Affective Trust -> Interpersonal liking	-0.314	3.605	0.000	Medium (-ve)	No
H5	Interpersonal liking -> Relationship Performance	-0.100	1.484	0.138	Small (-ve)	No
H6	**Affective Trust -> Relationship Performance**	**0.683**	**7.309**	**0.000**	**Strong**	**Yes**
H7	Affective Trust -> Cognitive Trust	-0.345	4.001	0.000	Strong (-ve)	Yes
H8	Affective Commitment -> Instrumental Commitment	0.264	3.378	0.001	Medium	Yes
H9	Instrumental Commitment -> Relationship Performance	-0.070	1.361	0.174	Small (-ve)	No
H10	Shared values -> Cognitive Trust	0.145	1.924	0.054	Medium	Yes
H11	Shared values -> Affective Trust	0.143	1.067	0.286	Medium	No
H12	Shared values -> Affective Commitment	0.134	1.706	0.088	Medium	No
H13	Shared values -> Instrumental Commitment	0.113	1.720	0.086	Medium	No

Step 2 – Determine the coefficient of Determination *(R^2)*

The values of ***R^2*** and ***R^2 adjusted*** are presented in Tables 5.77 and 5.78 below.

Table 5.77: ***R^2*** results - mature/decline stage dataset

	R^2	t-value	p-value	2.5%*	97.5%*
Affective Commitment	0.018	0.838	0.402	0.000	0.071
Affective Trust	0.020	0.533	0.594	0.000	0.147
Cognitive Trust	0.138	2.346	0.019	0.046	0.247
Instrumental Commitment +Ve	0.248	5.036	0.000	0.147	0.336
Interpersonal liking	0.098	1.724	0.085	0.020	0.233
Relationship Performance	0.481	5.781	0.000	0.320	0.641

(* Denotes confidence levels bias corrected).

Table 5.78: *R^2 adjusted* results - mature/decline stage dataset

	R^2 Adjusted	t-value	p-value	2.5%*	97.5%*	Significant?
Affective Commitment	0.013	0.623	0.533	-0.005	0.067	No
Affective Trust	0.016	0.413	0.680	-0.005	0.143	No
Cognitive Trust	0.130	2.189	0.029	0.037	0.240	Yes
Instrumental Commitment +Ve	**0.237**	4.755	0.000	0.135	0.327	Yes
Interpersonal liking	0.094	1.643	0.100	0.015	0.229	No
Relationship Performance	**0.468**	5.504	0.000	0.304	0.632	Yes

(* Denotes confidence levels bias corrected).

Due to the complexity of the PLS-SEM model under consideration, to avoid any potential bias in the results of ***R^2,*** the ***R^2 adjusted*** values are used in determining the predictive power of the variables.

As shown in Table 5.78 above 'Instrumental *Commitment'* has an ***R^2 Adjusted*** value of 0.237 which is a weak predictive accuracy, whereas *'Relationship Performance'* has a value of 0.468 approaching a moderate level of predictive accuracy. The remaining variables with ***R^2 Adjusted*** values less than 0.25 are not considered as having any meaningful predictive accuracy.

Step 3 – Assess the f^2 effect size

Table 5.79 below provides the ***f^2*** effect size results.

Table 5.79: ***f^2*** effect size results - mature/decline stage dataset

		f^2	t-value	p-values	Effect	Significant?
H1	Cognitive Trust -> Instrumental Commitment	0.068	1.782	0.075	Small	No
H2	Affective Commitment -> Relationship Performance	0.001	0.096	0.923	None	No
H3	Cognitive Trust -> Relationship Performance	0.002	0.009	0.993	None	No
H4	Affective Trust -> Interpersonal liking	0.109	1.410	0.159	Small	No
H5	Interpersonal liking -> Relationship Performance	0.011	0.685	0.493	None	No
H6	Affective Trust -> Relationship Performance	0.668	1.664	0.096	Strong	No
H7	Affective Trust -> Cognitive Trust	0.135	1.479	0.139	Medium	No
H8	Affective Commitment -> Instrumental Commitment	0.059	1.521	0.128	Small	No
H9	Instrumental Commitment -> Relationship Performance	0.003	0.009	0.993	None	No
H10	Shared values -> Cognitive Trust	0.043	1.118	0.264	Small	No
H11	Shared values -> Affective Trust	0.021	0.467	0.640	Small	No
H12	Shared values -> Affective Commitment	0.018	0.785	0.432	None	No
H13	Shared values -> Instrumental Commitment	0.002	0.177	0.859	None	No

As can be seen from Table 5.79 above none of the ***f^2*** effect size results are statistically significant.

Step 4 – Assess Stone-Geisser's Q^2 value

The Q^2 values of predictive relevance are provided in Table 5.80 below for each of the relationship constructs.

Table 5.80: Q^2 results - mature/decline stage dataset

	Q^2
Affective Commitment	0.013
Affective Trust	0.008
Cognitive Trust	0.108
Instrumental Commitment	0.221
Interpersonal liking	0.088
Relationship Performance	0.401

As all Q^2 values are above zero, the model has predictive relevance.

As shown in Table 5.81 below, when the Q^2 values are considered along the values of R^2 ***adjusted,*** 'Relationship Performance*'* has both moderate predictive accuracy (R^2 ***adjusted****)* and significant predictive relevance (Q^2).

Table 5.81: R^2 Adjusted and Q^2 results

	R^2 Adjusted	Q^2
Affective Commitment	0.067	0.013
Affective Trust	0.143	0.008
Cognitive Trust	0.240	0.108
Instrumental Commitment	0.327	0.221
Interpersonal liking	0.229	0.088
Relationship Performance	**0.632**	**0.401**

Step 5 - Assess the q^2 effect size

The values of the q^2 effect size are provided in Table 5.82 below and were calculated manually using the formula (Hair et al., 2017):

$$q^2 = \frac{Q^2 \text{ Included} - Q^2 \text{ Excluded}}{1 - Q^2 \text{ Included}}$$

Table 5.82: q^2 effect size - mature/decline stage dataset

		1	2	3	4	5	6	7
1	**Affective Commitment**							
2	**Affective Trust**							
3	**Cognitive Trust**	-0.106	-0.112					
4	**Instrumental Commitment**	-0.267	-0.273	-0.145				
5	**Interpersonal liking**	-0.081	-0.087	0.023	0.146			
6	**Relationship Performance**	-0.646	-0.655	-0.488	-0.300	-0.522		0000
7	**Shared Values**	-0.314	-0.320	-0.187	-0.332	-0.215	0.202	

(results less than 0.02 not shown)

As can be seen from Table 5.82 above, none of the q^2 effect results is significant.

The effect size of q^2 in the context of R^2 ***adjusted***, Q^2 is shown in Table 5.83 below.

Table 5.83: R^2 Adjusted, Q^2 and q^2 effect size results - mature/decline stage dataset

	R^2 Adjusted	Q^2
Affective Commitment	0.037	0.002
Affective Trust	0.044	0.004
Cognitive Trust	**0.387**	**0.209**
Instrumental Commitment	0.093	0.034
Interpersonal liking	0.199	0.035
Relationship Performance	0.448	0.322

Testing Hypotheses

Table 5.84 below summaries the results of the testing of the hypotheses for the Mature/Decline stage dataset using the conceptual model.

Table 5.84: Summary of hypothesis tests

Hypotheses		Supported?	Comments
H1	Cognitive Trust -> Instrumental Commitment	Yes	A medium and statistically significant relationship
H2	Affective Commitment -> Relationship Performance	No	Hypothesis not supported
H3	Cognitive Trust -> Relationship Performance	No	Hypothesis not supported
H4	Affective Trust -> Interpersonal liking	No	Hypothesis not supported
H5	Interpersonal liking -> Relationship Performance	No	Hypothesis not supported
H6	**Affective Trust -> Relationship Performance**	**Yes**	**A strong and statistically significant relationship**
H7	Affective Trust -> Cognitive Trust	No	Hypothesis not supported
H8	Affective Commitment -> Instrumental Commitment	Yes	A medium and statistically significant relationship
H9	Instrumental Commitment -> Relationship Performance	No	Hypothesis not supported
H10	Shared values -> Cognitive Trust	Yes	A medium and statistically significant relationship
H11	Shared values -> Affective Trust	No	Hypothesis not supported
H12	Shared values -> Affective Commitment	No	Hypothesis not supported
H13	Shared values -> Instrumental Commitment	No	Hypothesis not supported

In the Mature/Decline stage of the relationship development process 'Cognitive Trust' has both medium predictive accuracy (***R^2 adjusted***) and medium predictive relevance (***Q^2***).

As shown in Table 5.85 below, the testing of the hypotheses specifically related to the 'Mature/Decline' stage of the relationship development is shown. H15 is supported whereas H14 and H16 are not.

Table 5.85: Hypotheses related to the 'Early' stage

Hypotheses relating to the Early Stage of the relationship development cycle		Hypothesis supported
H14	***Cognitive Trust*** will have significantly larger association with ***Relationship Performance***, in the later Mature/decline stage of the relationship development lifecycle	Hypothesis not supported
H15	***Affective Trust*** will have significantly larger association with ***Relationship Performance***, in the Mature/decline stage of the relationship development lifecycle	**Hypothesis Supported**
H16	***Shared Values*** will have significantly larger association with ***Relationship Performance***, in all stages of the relationship development lifecycle	Hypothesis not supported

5.3 Chapter summary

This section provides a summary of Chapter 5, the analysis of the survey instrument quantitative data.

Descriptive statistics

The analysis of the statistically significant Mean scores for the relationship constructs, by relationship stage, as summarised in Figure 5.28 below.

	Relationship Stage		
Mean Scores	**Early**	**Build-Up**	**Mature/Dec**
High	AffectCom	RelPerf	**AffTrust**
	InterPer	CogTrust	RelPerf
	RelPerf	SharedVal	SharedVal
	SharedVal	InstCom	CogTrust
Medium	CogTrust	**AffTrust**	InstCom
	InstCom	AffectCom	AffectCom
	AffTrust	InterPer	InterPer
Low	InstComn	InstComn	InstComn

Figure 5.28: Relationship construct heat-map

This analysis clearly shows the Mean scores for each relationship construct differs significantly across the three relationship stages. For example, *Affective Commitment* (AffectCom) has a Mean score of 6.24 in the *'Early'* stage whereas in the '*Mature/Decline'* stage it is 4.45, nearly 30% lower. Whereas '*Affective Trust'* (AffTrust) has the reverse with a Mean of 4.10 in the *'Early'* stage and 6.60 in the '*Mature/Decline'* stage, 38% higher than in the early stage.

PLS-SEM Analysis

Table 5.86 below provides a summary of the four PLS-SEM models used to analyse the quantitative data, and the dominant relationship constructs and strong significant relationships for the overall data set, and within each stage of the relationship development process.

Table 5.86: Summary of PLS-SEM Analysis

	Relationship Construct	Relationship Path
1. Overall data set	Affective Commitment; Interpersonal liking	Cognitive Trust -> Instrumental Commitment
2. Early stage	Interpersonal liking	Affective Trust -> Cognitive Trust
3. Build-up stage	Cognitive Trust	Shared values **->** Cognitive Trust
4. Mature/Decline stage	Cognitive Trust	Affective Trust **->** Relationship Performance

Analysis of the overall data shows that '*Affective Commitment'* and *'Interpersonal Liking'* correlate strongly (0.72); Affective Commitment has a substantial predictive accuracy (R^2 = 0.72) and significant predictive relevance (Q^2 = 0.614). '*Interpersonal liking'* is approaching a moderate level of predictive accuracy (R^2 = 0.413) and significant predictive relevance (Q^2 = 0.297). Seven out of the 13 hypotheses are supported with only '*Cognitive Trust -> Instrumental Commitment'* having a strong and statistically significant relationship.

The analysis of the *'early stage'* data also shows that '*Affective Commitment'* correlates strongly with *'Interpersonal Liking'* (0.72) and '*Relationship Performance'* (0.56). '*Interpersonal liking'* also has substantial predictive accuracy (R^2 = 0.504) and a large predictive relevance (Q^2 = 0.326). These findings show congruence between the analysis of the Mean scores and the PLS-SEM findings. However, none of the three early-stage hypotheses is supported by the PLS-SEM analysis and the only strong, and statistically, significant relationship is between *'Affective Trust'* and '*Cognitive Trust'* which is contrary to the analysis of the Mean scores.

The analysis of the *'build-up'* stage data shows that '*Cognitive Trust'* has a moderate relationship with '*Relationship Performance'* (0.39) and medium levels of predictive accuracy (0.387) and predictive relevance (0.209). A strong and statistically significant relationship is shown to exist between '*Shared Values'* an *'Cognitive Trust'*. These findings show congruence between the analysis of the Mean scores and the PLS-SEM findings.

The analysis of the *'Mature/Decline'* stage data shows that '*Affective Trust'* correlates strongly with '*Relationship Performance' (0.60)* and that a moderate relationship exists between '*Affective Commitment'* and '*Cognitive Trust'* (0.5). '*Cognitive Trust'* has medium levels of predictive accuracy (0.387) and predictive relevance (0.209). Four out of the 13 hypotheses are supported with only 'Affective *Trust -> Relationship'* having a strong and statistically significant relationship.

The next chapter critically evaluates the findings of this DBA study.

Chapter 6 – Discussion

6.0 Introduction

The specific purpose of this Chapter is to critically evaluate the findings taken from the results of the data analysis, along with the literature review, in addressing the research aim while also presenting contributions to practice and supporting theory. More specifically this Chapter relies on the understanding gained from the immersive literature review contained in Chapter 2, combined with the findings from repertory grid interviews described in Chapter 4 together with the insights provided by the quantitative data analysis and PLS-SEM modelling from Chapter 5, brought together in an abductive process of inquiry.

The Chapter is presented in four main sections. In the first, the efficacy of KAM practices used by Western MNCs is discussed. The second section considers the B2B relationship development dynamics between Western MNCs and Saudi customers. The third section discusses the extent of acculturation and adaptation needed by Western MNCs to improve the efficacy in the use of KAM in the KSA B2B market. The final concluding section considers the implications for practice.

6.1 The efficacy of KAM practices used by Western MNCs

In the section, the efficacy of KAM practices used by Western MNCs in KSA is discussed from two perspectives. First, the use of KAM in a relationship building context and, second by exploring the different dimensions of KAM.

6.1.1 KAM relationship development

Table 6.1 below provides the seminal Millman and Wilson (1996) six stage KAM model with Blythe's (2002) selling strategies together with the relationship process used within this study adapted from Jap & Ganesan (2000), as explained in Chapter 2.

Table 6.1: KAM Stages and relationship development process

Stage of KAM (Millman & Wilson, 1996)	**KAM Objectives by stage** (Millman & Wilson, 1996; Blythe, 2002)	**Selling Strategies** (Blythe, 2002)	**Relationship process**
Pre-KAM	Define and identify key account potential. Secure initial contact.	Selling strategy concerned with identifying key contacts and decision-making units, establishing need and requirements, showing a willingness to address other areas of the problem, and suggest key account status.	Early Stage
Early KAM	Explore opportunities for Key account engagement. Increase volume of business. Achieve preferred supplier status.	Selling strategies involve building social networks, identifying process-related problems, suggest working together to provide cost-effective services and solutions. Create ***trust*** through performance and strong communications.	
Mid-KAM	Build partnership and especially ***trust***. Consolidate preferred supplier status. Establish key account status internally. Obtain executive sponsorship.	Selling strategies focus on problems and issues, managing the implementation of process related services or solutions, building inter-organisational teams, establishing joint systems and beginning to perform noncore management tasks.	Build-Up Stage
Partnership KAM	Develop a spirit of partnership. Build a common culture. Lock in the customer by being external resource base.	Selling strategies are concerned with joining-up processes and expanding joint problem solving, focusing on joint value creation together cost reduction and addressing the customer's key strategic issues.	
Synergistic KAM	Continuous improvement. Shared rewards. Quasi-integration.	The strategy associated with synergistic KAM is to focus on value creation, create semi-autonomous projects teams and the development of strategic congruence.	Mature / Decline stage
Uncoupling KAM	Disengagement.	Withdraw.	

Early stage of relationship development

In Table 6.1 above, the Pre-KAM and Early-KAM stages of the Millman and Wilson (1996) model correspond with the Early Stage of the Jap & Ganesan (2000) relationship development process. The objectives described by Blythe (2002) in this '*Early stage*' of the relationship process include: *"Define and identify key account potential; Secure initial contact; Explore opportunities for Key account engagement; Increase volume of business, and Achieve preferred supplier status".* These objectives and the words used in defining them are typical of Western business culture in that they are very rational and objective. Similarly, the selling strategies include phrases such as: "*establish need and requirements*; *identifying process-related problems; provide cost-effective*

services and solutions; build trust through performance". Again, these selling strategies are attempting to use cognitive and instrumental mechanisms to build credibility with the customer through tangible and objective interactions and interventions. While reference to the building social networks is made, it is in the context of what is a Western-orientated approach to selling in appealing to a logical, rational customer who will use cognitive processes in evaluating what is being offered (Abosag et al., 2006). In this context, what is being offered is more important than who is doing the offering. In a Western individualistic society, the risk is reduced, and trust increased when the credibility of the party you are engaging with is high (Cannon et al., 2010). Credibility in this context is associated with performance and the tangible and objective aspects of engaging in business such as a predictive rule-based orientation (Uzzi, 1997). In the West, credibility, quality and performance are often associated with a company brand. A supplier with a strong brand can often accelerate this early stage of the KAM process.

In a collectivist culture such as KSA, credibility often starts with the person and their attributes including likeability. Their credibility is then enhanced by their relationships, family ties and tribal connections and the skill with which they can deploy Wasta in building Et-Moone relationships (Nydell, 2012). In these collectivist cultures, the messenger is often more important than the message (Patai, 2007), especially in this early stage of the relationship building process. If the messenger isn't credible, then it doesn't matter what he has to offer because affective trust will not develop and therefore the relationship is unlikely to start (Patai, 2007).

When a Saudi customer engages with a Western MNC, even a Western supplier with a strong brand, the relationship development process seems to start even further back in the relationship building process (Ali, 2009). The Saudi customer will not have the familiar markers of the family name, tribe and social network to help them understand who they are dealing with. Even if the key account manager represents a large well renowned Western company or brand, it often doesn't help because the Saudi customer still has the same sense of dislocation in dealing with a stranger and may also be intimidated by a big Western brand (Ali, 2009). This study has shown that during the early stage of the relationship development process, from a KSA customer perspective, the

affective and emotional relational constructs of '***Affective Commitment'***, '***Interpersonal Liking'*** and '***Shared Values'*** are dominant, with '***Affective Commitment'*** having a strong influence on relationship performance. This creates a clear juxtaposition between Western MNCs use of KAM in B2B relationships in this early stage and the cultural norms of KSA. For the efficacy of the KAM process to be improved in this early stage, Western MNCs need to adapt the current rational and objective KAM process to one that engages Saudi customers in-line with the relationship constructs described above.

Build-up stage of relationship development

In Table 6.1 above, the Mid-KAM and Partnership-KAM stages of the Millman and Wilson (1996) model correspond with the Build-Up Stage of the Jap & Ganesan (2000) relationship development process. The objectives described by Blythe (2002) in this Build-Up stage of the relationship process include: *Build partnership and especially trust; consolidate preferred supplier status: obtain executive sponsorship; Develop a spirit of partnership*; *build common culture, and lock in the customer by being an external resource base*. However, the Blythe (2000) selling strategies are still phrased in the rational, cognitive and instrumental context of the individualistic culture of the West using phrases such as: *focusing on problems and issues; managing the implementation of process related to services or solutions, and building inter-organisational teams.*

The findings from this study suggest that this middle Build-up stage of the relationship development process is transitionary in nature. In this stage, the basis of the relationship is evolving from the early stage, which is based significantly on affective and emotional relational constructs, to this stage where the presence of cognitive and instrumental constructs emerges. For example, the findings show that there is a strong and significant relationship between ***'Shared Values'*** and the development of ***'Cognitive Trust'.*** Also, the findings indicate that '***Cognitive trust'*** and '***Instrumental Commitment'*** are likely to develop in parallel during this Build-up stage, with one reinforcing the other. Superficially, the efficacy of KAM with the findings for this build-up stage may appear to be in alignment. However, that would be misleading. For a relationship to get to this build-up stage, it will have had to successfully navigate the initial early stage which, as described above, represents a fundamentally different starting point for Western MNCs. For a customer in KSA, their affective

and emotional needs will have needed to be met in the early stage before the development of instrumental and cognitive constructs are able to develop.

Mature/Decline stage of relationship development

The Partnership and Synergistic KAM stages of the Millman and Wilson (1996) model correspond with the Mature/Decline Stage of the Jap & Ganesan (2000) relationship development process. The objectives described by Blythe (2002) in this Mature/Decline stage of the relationship process include: *Develop a spirit of partnership; build a common culture; lock in the customer by being external resource base; continuous improvement; shared rewards; quasi-integration*. The Blythe (2000) selling strategies aligned to synergistic KAM focus on value creation, the creation of semi-autonomous teams together with the development of strategic congruence.

The findings from this study indicate that in this mature/decline stage the relationship constructs ***'Affective Trust'*** and ***'Shared Values'*** are dominant with '***Affective Trust'*** also having a strong and statistically significant relationship with relationship performance. The presence of the ***'Shared Values'*** construct is a constant throughout all three stages of the relationship development process indicating it's important to Saudi customers. The dominance of ***'Affect Trust'*** in this stage implies that Saudi customers will be trusting because they want to be and because they feel that they can trust. Having had their emotional needs met in the early stage together with the emergence of instrumental and cognitive constructs in the build-up stage, Saudi customers may feel that they have sufficient evidence that enables them to develop ***Affect Trust.***

The key implications for the efficacy in the use of KAM used by Western MNCs in KSA appear to be in the early stage of the process where there does appear to be a clash of cultural norms.

6.1.2 The dimensions of KAM

In this section, the findings relating to the efficacy of using KAM in Saudi Arabia is presented using the dimensions of KAM explained in Section 2.3.

The findings from Section 2.3 indicate the Western MNCs will typically use the corporate standard global process for KAM across their international operations. For the Western MNC, there are many perceived benefits of this approach including standardisation of processes and IT systems, common training platforms, development of universal language and understanding of data and reports, all of which feeds into greater efficiency, effectiveness and, consequently, more sales.

However, the findings provided below also indicate that there is a significant down-side to the adoption of global KAM processes, especially where there is a significant national culture different.

Identifying Key Accounts: Key account identification and selection is a central tenet of KAM (Ivens & Pardo, 2006), with several studies in the extant literature identifying sales volumes as the main selection criterion.

However, in KSA Western MNCs should also consider "*social and political*" criteria in addition to sales and the other strategic criteria that are called for in the Western literature (Woodburn & McDonald, 2011). Considered in the collective social context of KSA, as explained in Chapter 2, (El-Said & Harrigan, 2009), social and political criteria are fundamentally important.

Analysing Key Accounts: market segmentation is an important aspect of the analysis of key accounts (Woodburn & McDonald, 2011). Segmentation typically uses several criteria that combine factual industry data including market characteristics and product characteristics with softer customer-centric information such as personal attributes, personality, decision attitudes and decision-making ability (Naude & Cheng, 2003). However, the findings show that in Western segmentation models (Shapiro & Bonoma, 1984) the more readily available, most visible and easier to obtain industry data is analysed first. The segmentation process may then be completed by analysing the softer, more difficult and expensive to acquire data, which often requires extensive research by the Western MNC supplier (MacDonald & Rogers, 2017). The

findings also indicate that this second stage can often be neglected due to the cost and timescales involved in gathering this soft data (MacDonald & Rogers, 2017).

In contrast, the findings indicate that in KSA more emphasis is placed on the softer data including the personal profile and personal characteristics of the key client personnel that includes their family, tribal affiliations; social; friendship groups and networks. Western MNCs operating in KSA should consider adapting to Saudi practices in demonstrating an appreciation of the social characteristics of business in KSA (Al-Omari, 2008). Findings suggest, therefore, that in KSA the factual profile of an MNC is of secondary importance to the personal profile of key customers, whereas the converse is largely more accurate in the West.

Key Account Resources: The findings indicated that KA managers regard several resource types important in managing KA customers, as described below.

- *Decision Making Authority & Structure*: The findings show that Western MNCs establish KAM structures to serve KA customers. The extant literature posits that the adoption of KAM signifies a shift towards decentralisation and empowerment, providing KA managers with greater authority to manage KA customers. Consequently, senior management is more rapidly engaged including escalations, when necessary, in support of the relationship engagement strategy (Millman & Wilson,1995). This reinforces the view that an empowered KA team is imperative in effectively managing key account customer relationships (Anderson & Huang, 2006). These findings confirm that decentralising some decision-making to KAM managers is regarded as being an important resource, especially in cultures with a high power-distance score and with centralised decision making (Hofstede, 2001). The '*top-man'* syndrome in KSA describes the Saudi preference for dealing with senior people as this provides quicker decision making, as they will overcome bureaucracy and internal barriers. It also confers the giving of 'face' in the form of respect and appreciation since seniority and position in this ascription based culture confirms the equivalent status of the Saudi customer (Hampden-Turner & Trompenaars, 1997). Hence, Western MNCs may also consider changing the role titles of KAM managers to indicate a

more senior position in the MNC, and thereby become more credible when engaging with Saudi customers. Where a subsidiary of a Western MNC corporation cannot make decisions locally in Saudi, without reference back to the HQ organisation, this is a source of frustration and leads to a lack of trust with the Saudi customer.

- ***Training and Development:*** KAM managers regard training as an asset that assists them more effectively manage their accounts. With respect to the training provided to KA Managers, the findings show that Western MNCs provide training and development that consists of Western content provided in-house by a global training function and that this training is often aligned with the standard global sales process (McDonald & Rogers, 1998; Ryals & McDonald, 2008). Regarding sales learning and development, Millman & Wilson's (1995) confirm that it should change focus from 'confrontational' and 'transactional' approaches towards consultative and relational selling. The findings also confirm that training courses must also be adapted to local KSA culture in assisting employees to work in this environment.

- ***Time and funds***: KAM Managers regard time and the allocations of funds for corporate hospitality as a very important resource. Increasingly in the West, this sort of activity is coming under scrutiny in ensuring that it is ethical and not in contravention of bribery prevention legislation. Perception is as important as reality in this context. In a KSA business context, however, this type of activity is regarded as important in establishing friendship and genuine personal relationships that contribute to the generation of trust and commitment. Confirming that in relationship-oriented cultures the allocation of time and resources to build trust before engaging in business transactions is crucially important. Whereas in the task-oriented culture of Western, where '*time is money'* the pre-relationship preamble is not regarded as important or helpful, but rather time-consuming and wasteful (Blythe, 2005; Usunier & Lee, 2009).

Actors: As explained in Chapter 2, actors are resources with the prerequisite specialist skills needed for KAM activities, the findings related to which are provided below.

- ***Senior management involvement****:* The findings show that senior management involvement is regarded as a demonstration of commitment to the KAM process within a Western MNC. It typically includes: meeting customers; supporting and coaching KAM Managers; monitoring relationships; reviewing accounts and participating in strategic planning activities. These findings support Nishii et al.'s (2007) *'upper-echelons'* theory while also being consistent with the extant research (Millman & Wilson, 1999; Homburg et al., 2002) regarding the importance of senior management involvement for KAM to be successful. Furthermore, the findings also indicate that Western MNCs operating in Saudi must ensure that their senior managers are '*hands-on'* in their approach to managing key accounts. This would be contrary to the '*hands-off*' style adopted in the West (Francis, 2004). Also, engagement of senior management, in KSA, is crucial to the successful implementation of an effective KAM programme, because being *'hands-on'* is required in Saudi culture. This is consistent with KSA being a high power-distance culture with centralisation of decision making, and contrary to the West which is the opposite low-power distance with decentralised decision making (Al-Faleh,1987). Also, decision-makers in a Saudi customer organisation will typically expect to meet supplier representatives of at least equal seniority which assists in building credibility between the two companies (Usunier & Lee, 2005). Thence, the significance of senior management involvement in key accounts must be emphasised as an imperative in KSA business culture, as opposed to being a choice in Western business culture (Guesalag, 2007).

- ***KAM Managers****:* the findings show that Western MNCs typically appoint dedicated KAM managers to manage the relationship with key account customers (Homburg et al., 2002). KAM managers core responsibilities comprise inter-organisational relationship management; coaching key customers; customer analysis, together with building trust and loyalty with key customers (Kothandaramn & Wilson, 2000). This study confirms

that many of the skills of KAM managers that are highly regarded in West are also highly regarded in the Saudi market, and are therefore similar to the skills of Western MNC KAM Managers. These similarities are found in the generic and ubiquitous '*technical*' and '*non-cultural*' skills involving specific know-how and are readily transferable across countries, such as strategic thinking, problem-solving and planning and project management. This may be as a result of the influence of contemporary Western business techniques adopted by Saudis as a result of the adoption of Western educational programmes in Saudi Universities; attending Western Universities, working in Western MNCs, together with the presence of a significant number of Western expatriate workers working for Western MNCs in KSA.

- However, to enable KAM managers that operate in the Saudi market, some additional attributes have been identified in the findings, representing a substantial divergence from the Western model of KAM. This divergence was identified as having an enhanced awareness of the cultural and personal attributes embedded in Saudi social and business culture. Saudi customers regarded this awareness and empathy as crucial for the success of KA managers working in the KSA market. This awareness and empathy must also extend to recognising the influence of seniority, existing social networks, the prevalence of Wasta, family-orientation, and religion to a Saudi customer. This indicates that social structure, as opposed to selling or planning skills that are highly valued in the West, are more important to a Saudi customer (El-Said & Harrigan et al., 2009; Hutchings & Weir, 2006).

6.2 Relationship development dynamics

The socio-cultural context provided in Figure 6.1 below emerged from the immersive review of the extant literature explained in Chapter 2, supplemented by the qualitative data collected from the repertory grid interviews. Figure 6.1 illustrates the significant socio-cultural divide which exists between Western MNCs and Saudi Arabian customers, and in so doing assists in explaining the complex relationship development dynamics that Western MNCs must navigate in conducting relationship marketing using KAM.

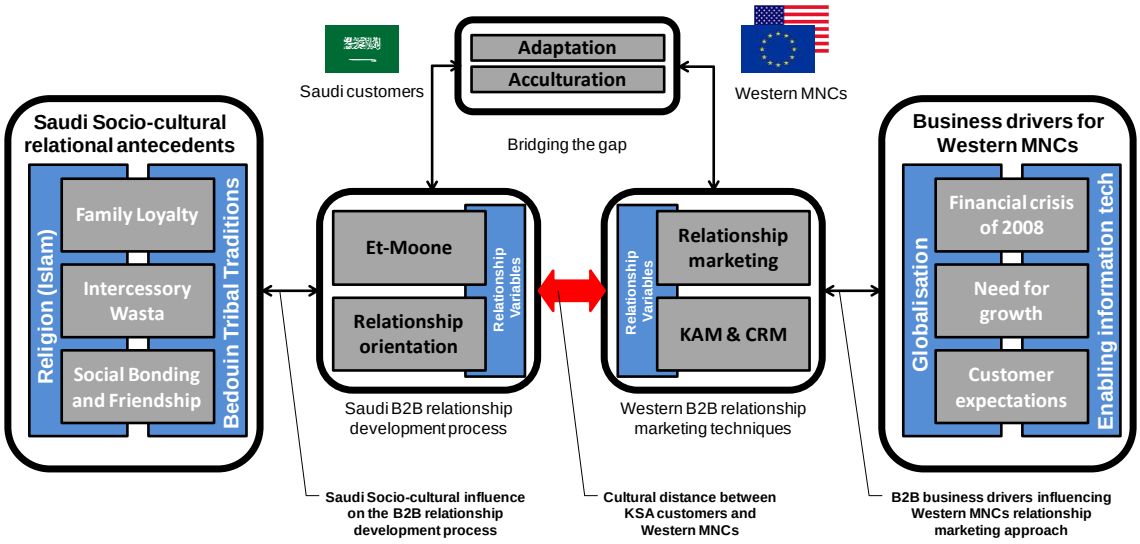

Figure 6.1: Socio-cultural context

Relationship development dynamics are discussed below through the lenses of cultural influences, dimensions, manifestations and the resulting relationship development constructs.

6.2.1 Cultural influences

The findings from the literature review and qualitative interviews show that very different cultural influences are at work between Saudi customer organisations and Western MNCs.

In relation to KSA, the existing literature suggests that religion, in the form of Islam, and the tribal traditions of the Bedouin forged in the harsh desert terrain of Saudi Arabia, has shaped the socio-cultural aspects of Saudi Arabia (Baker, 2003; Nydell, 2006). Saudis have a sophisticated mechanism in positioning themselves while identifying others with respect to social rank and position within the family or tribe. *"This has its roots in the early desert cultures' need to quickly know whether a person being spoken to is a friend or a foe. In an*

environment of scarce resources, one is naturally suspicious of the intention of strangers" (Baker, 2003, p.9). This verbal identification, by family, determines if a person is a friend or a foe by establishing them as either somebody's progeny or father and belonging to a particular tribe or family. Hence it can be seen from the extant literature that the identity of a Saudi is a collective identity and not individual (Nydell, 2006). Saudi culture emphasises the rights of the group over the individual, an inherited part of their Bedouin tribal culture where the needs of an individual are of no concern, and much more emphasis and importance is attached to the survival of the whole family or tribe. This phenomenon is what also explains the absolute loyalty to family and close friends, in stark contrast to that offered to strangers. This collectivist tendency created the environment for Islam to develop and flourish in the Arab world. In turn, Islam reinforces the collectivistic social fabric of these societies in creating a way of life that strongly encourages adherence to collectivist activities such as communal pray five times a day, observance of Ramadan and halal dietary constraints (Patai, 2007).

The findings from the literature review also confirm, in the context of Western MNCs, the cultural influences are very different from that found in KSA.

In contrast to KSA, Western MNCs are driven by the dynamics of the global marketplace such as the factors that have led to the phenomenon of globalisation, the opportunities represented by availability and ubiquity of enabling Information Technology systems together with the corresponding increase in customer expectations. These relatively modern Western business phenomena have their roots in the industrial revolution of the 1900s that introduced structure, routine together with concepts such as the working day, working week, weekends and the constraints of time keeping into society and the lives of citizens. The findings posit that these modern business concepts from a business perspective, have only existed in any meaningful way in KSA over the last 20 years, and even now do not come naturally to Saudi's (Nydell, 2012).

As a starting point, therefore, to understanding the relationship development dynamics between Western MNCs and KSA customer organisations the findings illustrate that the fundamentally different background cultural influences described above may have a significant influence on how, or indeed if, a

relationship develops. This is especially relevant during the early stages of the relationship development process when the parties are ‘strangers’, and there is a complete absence of trust, empathy and interpersonal liking. Indeed, suspicion and mistrust are likely to be present.

6.2.2 Cultural Dimensions

This research has considered the cultural dimensions of the relationship dynamic using Hofstede’s (1980) framework. The findings and extant literature argue that the individualism/collectivism dimension of national culture is the most helpful in predicting situations between the national culture of the West and KSA (Berry, 2015). There are, however, also significant differences in other dimensions of Hofstede’s model including ‘*Power Distance’* and ‘*Uncertainty Avoidance’.*

The findings show that Western national cultures are at the opposite end of the spectrum to that of Saudis, for these three dimensions, which gives rise to several implications for the relationship development dynamics between Western MNCs and Saudi customer organisations. For example, in a business context, these differences allude to a very different set of behaviours that need to be understood and navigated effectively during the relationship marketing process, if an optimal outcome is to be obtained. More specifically these differences can lead to misunderstandings in governance processes and how and when decisions will be made together with the appropriate level and precision of information to be provided. This, in turn, will influence how, when and indeed if critical relationship constructs develop, such as trust.

Planning relationship marketing activities, therefore, requires careful consideration of the differences in these culture dimensions in ensuring appropriate adaptations are made to conventional Western KAM processes.

6.2.3 Cultural manifestations

In this Section, the manifestations of cultural influences and dimensions discussed above, are explained.

The findings show that in KSA ‘*Wasta’* is an important social mechanism. It encompasses a range of reciprocal social obligations including the giving of *‘face’* and the exchange favours (El-Said & Harrigan, 2009). This Wasta orientated reciprocity, and face-saving creates a social model that effectively

prevents opportunism whilst enhancing trust and preserving social capital within the existing KSA cultural context (Coleman,1990). Thus, in KSA, business transactions are associated with effective Wasta (Hutchings & Weir, 2006b). However, in the West, such practices are regarded as, at best, nepotistic and at worst corrupt (Nydell, 2012). When Western MNCs engage with Saudi customers to do business, navigating this issue is often the first major stumbling block that needs to be overcome.

The extant literature findings also suggest that in a KSA context personal characteristics, for example, personality; social and cultural background, gender and age (Usunier & Lee, 2005), benevolence; similarity, and shared values (Palmatier et al., 2006) are important antecedents that influence relationship performance. The findings also indicate that 'social bonding', comprised of personal contact; mutual friendship; social interaction, and shared values, and summarised as 'interpersonal liking' between the customer and supplier (Nicholson et al., 2001) are regarded as being important precursors influencing relationship development dynamics (Palmatier et al., 2006). The concept of social bonding accepts the role played by emotion in business relationships (Mavondo & Rodrigo, 2001). According to Mummalaneni & Wilson (1991) "*buyers and sellers* who have strong personal relationships are more satisfied and committed to maintaining the relationship than less socially bonded people" (Smith, 1998, p.77).

The findings from the literature review show that in a KSA context establishing strong personal relationships first, before the business relationship, is regarded as a crucial precursor to establishing trust, initially at a personal level and only then at an organisational level. According to Weir & Hutchings (2005) the basic rule to establish the relationship before attempting to build business connections. Business should only be discussed in later meetings once social bonds and personal connections are established. Additionally, Weir (2000) comments that all business is based on relationships in Saudi, as everything is directed towards increasing social position, standing and prestige (Weir, 2000).

In a Western context, however, the findings show that the emotional, affective and interpersonal considerations are unimportant in building business relationships (Nydell, 2012). Indeed, relationships tend to be either business or

personal and a cross-over between the two is not considered as important. In fact, the literature suggests that it is undesirable and could lead to a blurring of boundaries and a conflict of interest. Business relationships in the West are built from a cognitive, instrumental and rational perspective. Sellers are expected to demonstrate their credibility, capability, capacity and reliability as a key component of establishing trust and commitment. It is apparent, therefore, that Western MNCs approaching relationship marketing, in the Saudi market, from a cognitive, instrumental and rational perspective will not address the fundamental underlying emotional needs of their prospective customers, and thereby hinder their ability to create an enduring business relationship.

6.2.4 Relationship development constructs

In this Section, the relationship constructs that emerge from the manifestations of the cultural influences and dimensions are explained.

In Figure 6.2 below, the relationship constructs shown on the left-hand side of the figure were derived using content analysis, from the qualitative data obtained from the repertory grid interviews. It is posited, therefore, that these empirical findings represent what is important from a Saudi customer perspective in terms of the dynamics of building a business relationship. The relationship constructs shown on the right-hand side of Figure 6.2 are the findings from the literature review and represent relationship constructs that are important in a Western context.

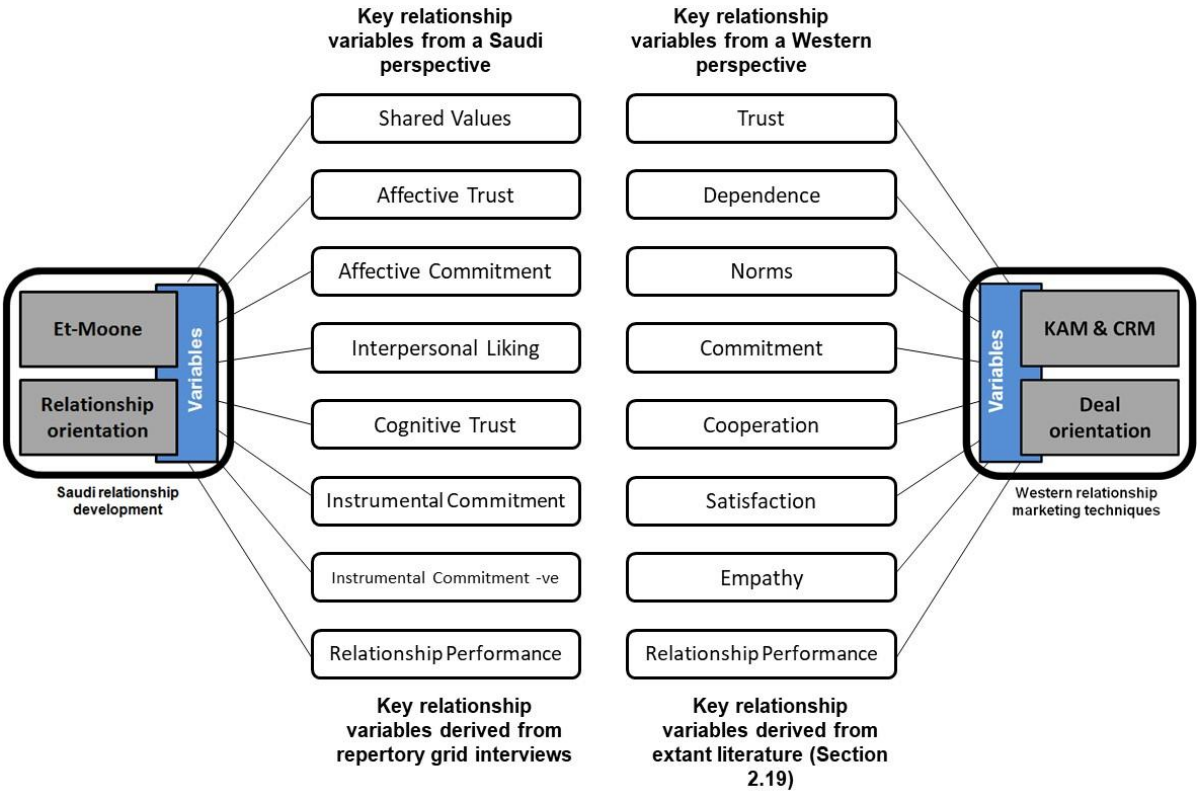

Figure 6.2: Relationship constructs

The empirical qualitative findings from this study together with the findings from the immersive literature review shown that the relationship constructs of *'Trust'* and '*Commitment*' are pervasive throughout relationship marketing theory and practice.

Trust and commitment

The immersive literature review provided in Chapter 2 demonstrates that our understanding of '*Trust'* and '*Commitment*', as relationship constructs, has developed significantly since the seminal article by Morgan & Hunt (1994) provided the commitment-trust theory. The findings show that the key advancements in our understanding are the realisation that trust and commitment are comprised of different dimensions, these dimensions are either active or passive depending on the stage of the development relationship cycle, and the importance of these dimensions varies considerably between different national cultures (Abosag et al., 2006). As discussed above the individualism/collectivism dimension of national culture, (Hofstede, 1980) is the most helpful in anticipating behavioural responses to the different dimensions of national culture, including that of trust and commitment between the West and KSA.

The different dimensions of trust and commitment have been described in numerous empirical studies. However, the findings indicate that the dynamic nature of these relationships is not adequately explained. Some of these studies (Anderson & Weitz, 1989; Morgan & Hunt, 1994; Havila et al., 2004; Miyamoto & Rexha, 2004) are contradictory in the manner in which the relationship between trust and commitment is conceptualised adding to the complexity of understanding the dynamic nature of the dimensions of trust and commitment. Other research (Nicholson et al., 2001) propose trust as a multidimensional variable but fail in measuring the affective and cognitive dimensions. It appears that affective dimension of trust was difficult to study, arguably because this research was conducted within individualist Western national cultures wherein the distinction between affective and cognitive dimensions of trust is much less pronounced. Within individualist cultures, significant professional interaction is regarded as the norm whereas there is significantly less room for personal interaction, and the mixing of the two domains is often frowned upon (Hampden-Turner & Trompenaars, 1997).

Therefore, within individualist national cultures the emotional aspects of affective trust including empathy, caring and showing concern for others does not seem to help in the development of trust, in a business context. The findings do, however, indicate that in a collectivist culture such as KSA the two dimensions are much more distinct as affective trust is a crucial precondition for full professional interaction in collectivistic cultures. Thence, where a culture is considered collectivist with high uncertainty, the difference between the two dimensions of trust is much more apparent. The reason would appear to be associated with affective trust providing a form of security, in a social sense (Johnson & Grayson, 2005) enabling members of this culture to reduce uncertainty by developing interpersonal linking and emotional ties, which in a collectivist culture are highly valued (Bjerke & Al-Meer, 1993).

Developing the PLS-SEM model for KSA was a complex undertaking, mainly because of the need for trust and commitment to be two-dimensional in reflecting the collectivist Saudi culture. The findings reveal interesting differences and a few similarities. The main results confirm that Saudi managers, as members of a collectivistic society, relate more to the affective aspects of the relationship.

In KSA, the relationship between different dimensions of trust and commitment appears to be complicated. However, it does seem apparent that Saudi managers place significant importance on affective trust, and use it to assess the value of, and a desire to continue with, the relationship (instrumental commitment) in addition to assessing what invest should be made to establish performance trust. The findings indicate that '*Cognitive trust'* and '*Instrumental commitment'* appear to develop in parallel during the build-up stage of the relationship lifecycle. Once cognitive trust and instrumental commitment are present, developing long-term affective commitment occurs which is a significant determinant of a relationship performance.

Contrary to Saudi manager's focus on the affective aspects of the relationship, the extant literature suggests that affective commitment does not influence relationship performance in the West. However, Instrumental commitment is an important relationship maintenance construct in the West, and it is also important in relationships in KSA. However, in the West instrumental commitment is arguably the most influential construct regarding relationship performance whereas its influence in KSA is much more muted (Abosag et al., 2006).

The findings show that the extant literature on the relationship between trust and commitment is contradictory. Attempting to measure trust and commitment using their underlining dimensions, the situation becomes more complex. In comparing the findings from this study with empirical studies in the extant literature, the resulting picture is unclear. As an example, the causal influence from instrumental commitment to affective commitment was not found to exist in KSA, which is contradicted by Meyer and Allen (1991), whereas Gutierrez et al. (2004), reported this finding. This study also found a strong positive and significant influence from '*Cognitive Trust'* on *'Instrumental Commitment'*, whereas Geyskens et al. (1996) and Mavondo and Rodrigo (2001) found a negative relationship. Also, a relationship between trust and affective commitment was not present in this study, and while arguably surprising, the extant literature contains empirical studies where this causal relationship does exist (Gutierrez et al., 2004).

Shared values

The concept of '*shared values'*, from a Western perspective, has its roots in organisational culture theory (Wiener 1988). According to Schein (1990. p. Ill) "*we can distinguish three fundamental levels at which culture manifests itself: (a) observable artefacts, (b) values, and (c) basic underlying assumptions."* Values are reflective of a culture where they are widely and fervently held (Schein 1990; Wiener 1988), in other words, '*shared*'. Consistent with the organisational behaviour literature, the findings of this study posit that when exchange partners share values, they indeed will be more committed to the relationship. This study found that shared values has a causal relationship with affective commitment and is influential across all three stages of the relationship development cycle.

Interpersonal liking

In the extant literature in social psychology theory and practice, interpersonal liking is regarded as a significant element of relationships (Robbins & DeNisi, 1994). Interpersonal liking is described as a type of affection reflecting the degree of relational attraction (Liden et al., 1993). The nature and extent of liking are influenced by social similarity and reputation between individuals (Byrne, 1971) and is found to predictive of both relationship quality (Liden et al., 1993) and the extent of favourable treatment between individuals in the presence of liking (Wexley & Nemeroff, 1974). The findings show that extant marketing literature has only recently considered interpersonal liking as an important topic, arising from the realisation that interpersonal liking has a significant and influential role in the development and maintenance of relationships. Friman et al. (2002, p. 408) state, *"personal liking and honesty created the foundation for trust and was considered important before engaging in more involved forms of commitment."*

Even though there is a dearth of existing studies that consider interpersonal liking, it remains a significant concept in business relationships (Caballero & Resnik, 1986). The extant literature describes how liking is important in developing close personal and business relationships (Moorman et al., 1992). The presence of affection is created by emotional connections between the people involved and influences the motivation to develop and maintain relationships (Altman & Taylor, 1973). Liking also creates personal attachment

between managers thereby reinforcing the economic bonds (Nicholson et al., 2001) and providing a driving force for a business relationship (Hawke & Heffernan, 2006). Palmer (1997, p. 319) argued that in an international context "*in economies at an early stage of development, liking is judged on the basis of face-to-face contact and, from this, trust is developed*."

The findings show that interpersonal liking is important in developing special (Et- Moone) relationships in KSA. Interpersonal liking is an important prerequisite for the establishment and maintenance of the highly valuable Et-Moone relationships. This study has found that business relationships in Saudi are influenced by the ability to develop interpersonal liking during the early stage of the relationship development process. Surprisingly, interpersonal liking is found to play a much lesser role in the later stages of the relationship development process. These findings contribute to the theoretical understanding regarding relationships in KSA, from which there are several implications for practice. Western MNCs and their managers should develop and manage the following:

1. Develop interpersonal liking, during the early stage, as an integral part of their KAM process;
2. To do so, managers need to create a strong reputation within Saudi. A strong and positive reputation contributes to the development of interpersonal liking. The development of a good reputation, in the context of a manager from a Western MNCs, will include developing a reputation for empathy, caring, patience, tolerance, benevolence and a genuine interest in Saudi Arabia and its people.
3. The doing of favours that contribute to the development of interpersonal liking of the Saudi customer (Abosag & Lee, 2012).
4. Once present in the relationship, liking needs to be managed carefully so that it results in the development of trust. The presence of trust and interpersonal enables the development of Et-Moone relationship, which can lead to competitive advantage in the marketplace (Abosag & Lee, 2012).

Conceptual model

Figure 6.3 below illustrates a conceptual model using the full 511 responses obtained from the survey instrument. It is, therefore, relationship stage agnostic in providing a meta-synthesis of the data relating to all three relationship stages.

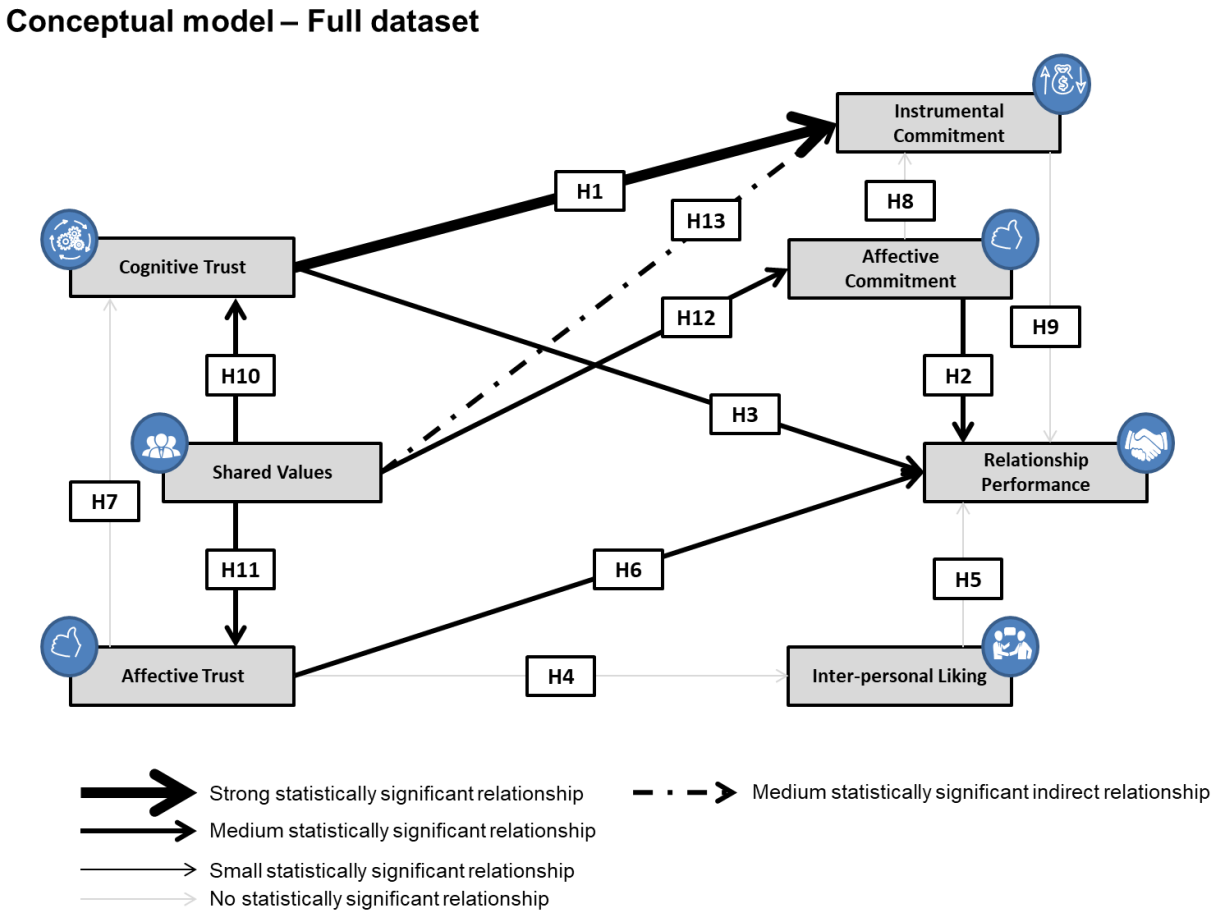

Figure 6.3: Conceptual model analysed using the full data-set

Resulting from the meta-synthesis provide in Figure 6.3 above, a strong and statistically significant relationship exists between ***Cognitive trust*** and ***Instrumental Commitment.*** Medium statistically significant relationships can be seen to exist between**:**

- ***Cognitive trust*** and ***Relationship performance***
- ***Shared Values*** and ***Affective Commitment***
- ***Affective Trust*** and ***Relationship performance***
- ***Affective Commitment*** and ***Relationship performance***

A medium statistically significant indirect relationship exists ***Shared Values*** and ***Instrumental Commitment***.

6.2.5 Relationship development process

In this Section, using the three stages of *Early, Build-Up* and *Mature/Decline* the dynamic nature of the relationship development process is explained regarding the empirical qualitative and quantitative research findings together with the findings from the immersive literature review. The analysis of the statistically significant Mean scores for the relationship constructs, by relationship stage, as summarised in Table 6.4 below.

	Relationship Stage		
Mean Scores	**Early**	**Build-Up**	**Mature/Dec**
High	AffectCom	RelPerf	**AffTrust**
	InterPer	CogTrust	RelPerf
	RelPerf	SharedVal	SharedVal
	SharedVal	InstCom	CogTrust
Medium	CogTrust	**AffTrust**	InstCom
	InstCom	AffectCom	AffectCom
	AffTrust	InterPer	InterPer
Low	InstComn	InstComn	InstComn

Figure 6.4: Relationship construct heat-map

Early stage of the relationship development process

As alluded to in the previous Section, the qualitative and quantitative findings show that during the early stage of the relationship development process, from a Saudi perspective, the affective and emotional relational constructs consisting of '***Affective Commitment'***, '***Interpersonal Liking'*** and '***Shared Values'*** are dominant. This is consistent with the findings from the extant literature relating to collectivistic national cultures. The findings show that of particular significance is the role played by '***Interpersonal liking'*** during this early stage.

The PLS-SEM modelling, Figure 6.5 below, demonstrates that '***Affective Commitment'*** has a strong influence on relationship performance in Saudi Arabia through this early stage. There is also a strong relationship between ***Affective Trust*** and ***Cognitive Trust*** and medium relationships between ***Cognitive Trust*** and ***Instrumental Commitment*** and ***Affective Commitment*** and ***Instrumental Commitment.***

For relationship performance to be strongly influenced by Affective Commitment in this early stage of the relationship process is consistent with the quantitative findings, but appears to be at odds with the findings from the repertory grids interviews.

Surprisingly, however, the three hypotheses relating to ***Affective Trust***, ***Shared Values*** and ***Interpersonal Liking*** and their relationship to Relationship Performance were not supported in relation to this early stage of the relationship development process.

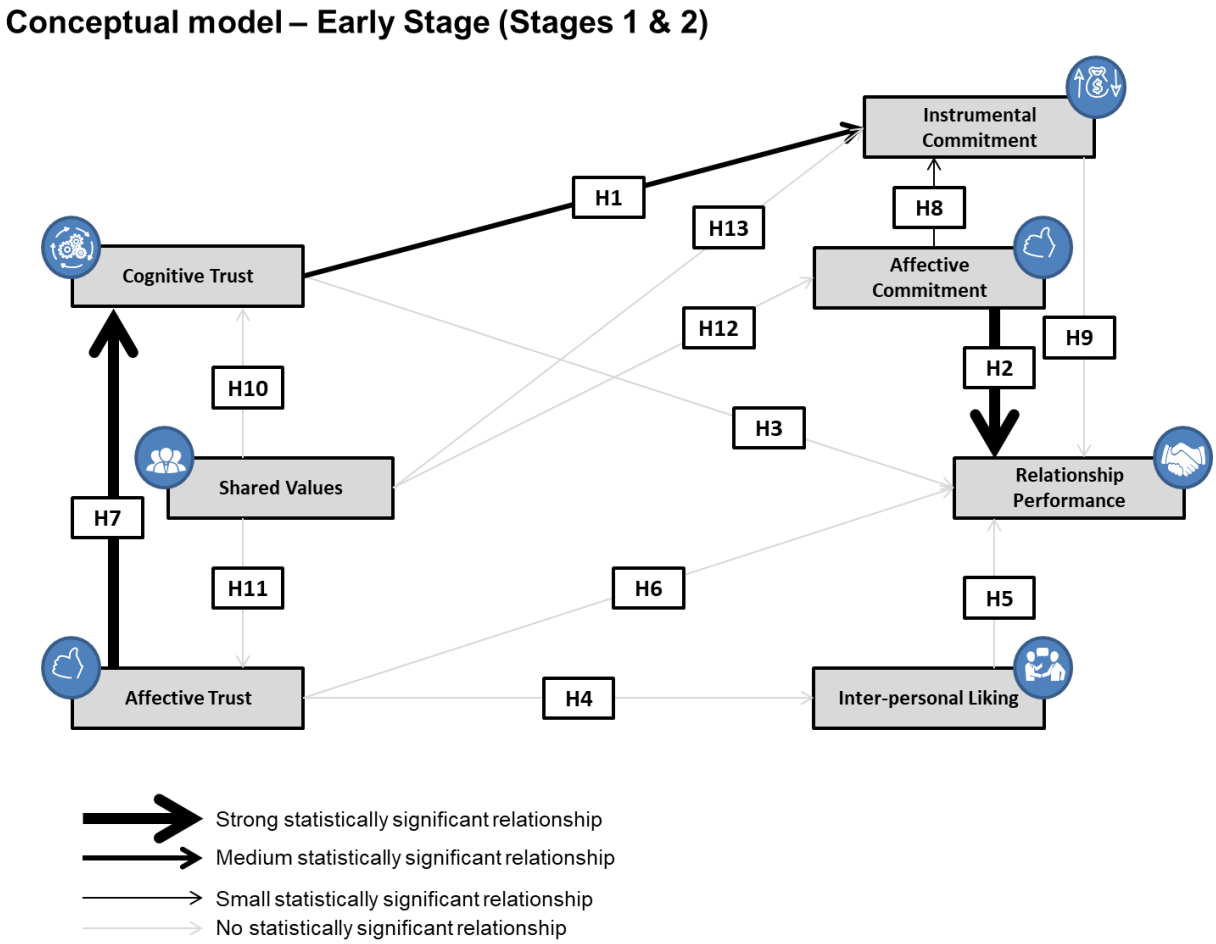

Figure 6.5: PLS-SEM model for the early stage of relationship development

Build-up stage of the relationship development process

The findings suggest that this middle Build-up stage of the relationship development process is transitionary in nature. In this stage, the basis of the relationship is evolving from being based significantly on affective and emotional relational constructs to the presence of cognitive and instrumental constructs. For example, the findings show, in Figure 6.6 below, that there is a strong and significant relationship between ***'Shared Values'*** and the development of ***'Cognitive Trust'.*** Also, as alluded to in the previous Section, the findings indicate that '*Cognitive trust'* and '*Instrumental Commitment'* are likely to develop in parallel during this Build-up stage, with one reinforcing the other.

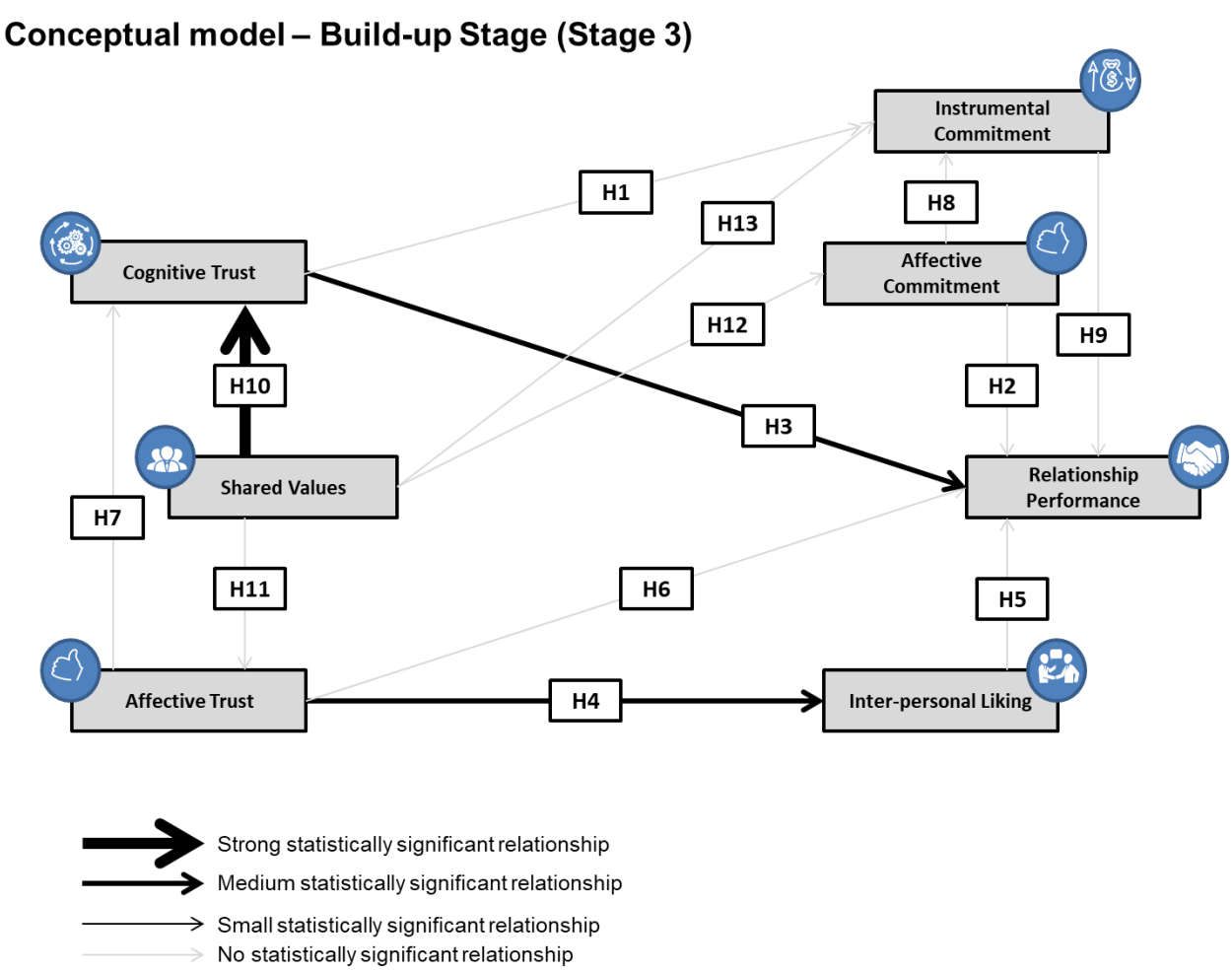

Figure 6.6: PLS-SEM model for the build-up stage of relationship development

Mature/Decline stage of the relationship development process

The findings show, in Figure 6.7 below, that in this *'Mature/Decline'* stage that '***Affective Trust'*** correlates strongly with '***Relationship Performance'*** *(0.60)* and that a moderate relationship exists between '***Affective Commitment'*** and '***Cognitive Trust***' (0.5). '***Cognitive Trust'*** has medium levels of predictive accuracy (0.387) and predictive relevance (0.209) and '**Affective *Trust -> Relationship performance***' having a strong and statistically significant relationship.

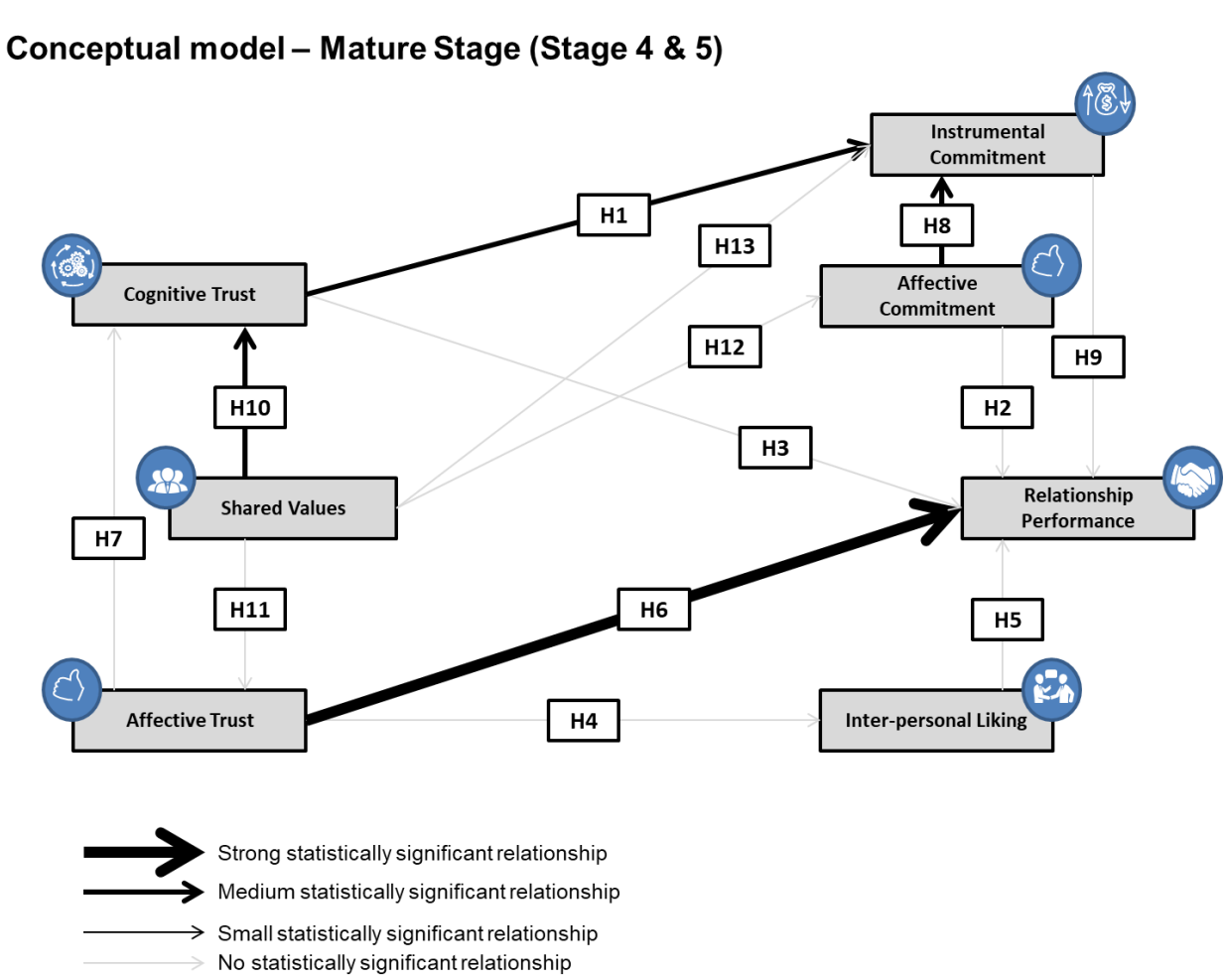

Figure 6.7: PLS-SEM model for the mature/decline stage of relationship development

6.3 Adaptation to Western MNCs KAM practices

This section describes the adaptations that are needed in Western MNCs practices resulting from the findings of this study. More specifically Tables 6.2, 6.3 and 6.4 below explains the adaptations required to Western KAM practices to make them more efficacious for the KSA market.

Table 6.2: Adaptations to KAM practice – strategic and operational considerations

Adaptions to KAM Practice – Strategic and operational considerations				
KAM Component	**Western MNC Practice**	**Aspects of Western MNC Practice to be retained**	**Adaptations to KAM for the KSA market**	**Link to empirical findings***
KAM Strategic Considerations				
Identifying and selecting Key Accounts	Account selection based on analysis of hard, readily available quantitative data (Woodburn & McDonald, 2011).	Retain this analysis and supplement with soft data related to the Saudi context.	Include an analysis of the key social and political context including family and tribal connections, friendships and local rivalries.	RGI#1_6 RGI#4_2 RGI#11_7
Executive involvement and engagement	Typically, *'hands-off'* approach in a Western business context (Francis, 2004).	None	'*Hands-on'* engagement by senior executives in addressing the top-man syndrome in the KSA context.	RGI#2_3 RGI#2_4 RGI#8_3 RGI#9_5
KPIs	KPIs usually have a hard-financial orientation, reflective of the Western focus on instrumental, cognitive and rational aspects of doing business.	Retain KPIs and supplement with soft KPIs reflecting relationship development.	Adopt a balanced scorecard of KPIs, that build upon those used by Western MNCs, but also reflect soft measures associated with relationship building.	RGI#1-9 RGI#4_2
The relationship between HQ and Saudi subsidiary company	Subsidiary companies tend to follow central HQ imposed policies and strategies and comply with standard global processes such as KAM.	Retain the core compliance aspects of the HQ and subsidiary relationship	Create a hybrid model that facilitates corporate Governance within the Western HQ while also allowing local adjustments to be made to KAM processes to reflect the local Saudi specific context.	RGI#6_9 RGI#11_3
KAM Operational Considerations				
KAM Process	5 Stage relationship process (Jap & Ganesan, 2000) and standard KAM process (Millman & Wilson,1996).	None	Redesign the KAM process to reflect how relationships develop in a Saudi context, starting with the affective, shared values and interpersonal liking constructs during the early stage.	N/A – reflects aim of this research.
KAM Structure	Formal policies, procedures and supporting IT Systems (Homburg et al., 2002)	Retain the core KAM structure, but modify to reflect the KAM process changes described above.	Adjust to reflect the KAM processes described above recognising that decision-making power is regarded as an asset and an important resource.	RGI#2_4 RGI#4_6 RGI#11_3

* Denotes linkage to qualitative findings emerging for Repertory Grid interviews. For example, ***RGI#5_2***, explains that the findings emerged from Repertory Grid

Interview No. 5, elicited construct number 2, and the associated qualitative data obtaining using the '*pyramiding*' technique.

Table 6.3: Adaptations to KAM practice – organisational and relational considerations

Adaptions to KAM Practice – Organisational and relational considerations				
KAM Component	**Western MNC Practice**	**Aspects of Western MNC Practice to be retained**	**Adaptations to KAM for the KSA market**	**Link to empirical findings***
KAM Organisational Considerations				
Selection of Key Account Manager	Key skills identified in the extant literature include business, technical and consulting skills, resource management, planning, relationship, empathy and rapport building skills and decision-making ability.	Retain these skills and supplement with non-specific general skills.	Non-specific general skills such as personal resilience, cultural awareness and empathy, open-mindedness, curiosity. See further detail below in Table 6.4.	RGI#1_3 RGI#11_5
KAM team structure	Dedicated and centralised focus solely on the Key Account.	Retain this dedicated model.	None	N/A
KAM Support teams	Administrative, process and technical support across multiple functions.	Retain these skills	Country, travel and logistical awareness including visa, immigration and customs / trade topics.	RGI#9_9
KAM Learning & Development	Positional bargaining, confrontational and transactional focus of training.	None	Shift to consultative and collaborative selling and well as cultural training to understand the customer culture.	RGI#10_4 RGI#10_5
KAM Relational Considerations				
Development of Trust	Cognitive, Calculative and Instrumental.	None	Use approaches that develop personal liking and shared values first.	RGI#3_6 RGI#5_10 RGI11_1
Development of Commitment	Cognitive, Calculative and Instrumental.	None	Use approaches that development affective commitment	RGI#11_10 RGI#4_1 RGI#6_10 RGI#7_7
Building Relationship Networks	Tend to be superficial; business orientated and the result of a calculative, cognitive and rational process.	None	Use of senior executives and the matching of seniority. Importance of interpersonal liking, the giving of face and respect. Recognition that time is not a key consideration in Saudi, and that time will need to be invested in building relationships.	RGI#2_4 RGI#8_3 RGI#9_5

* Denotes linkage to qualitative findings emerging for Repertory Grid interviews. For example, ***RGI#5_2***, explains that the findings emerged from Repertory Grid Interview No. 5, elicited construct number 2, and the associated qualitative data obtaining using the '*pyramiding*' technique. Table 6.4 below explains the

adaptations required to Western Key Account manager's skills, competencies and attributes to make them more efficacious for the KSA market.

Table 6.4: Adaptations to KAM practice – Key account manager skills, competencies and attributes

Key Account Manager skills, competencies and attributes				
KA Manager Skills, Competencies and Attributes	**Western MNC Practice**	**Aspects of Western MNC Practice to be retained**	**Adaptations to KAM for the KSA market**	**Link to empirical findings***
Strategic planning	Multi-year planning and budget setting processes including the setting of targets and KPIs.	Retain these skills	Narrow the planning horizon in making the focus near term in making the planning more tactical in nature.	RGI#1_1 RGI#8_8
Sales and business development skills	A structured approach to selling and KAM using well-established methods and sales strategies.	Retain these skills	Adapt to the KSA context by engaging in genuine relationship building activities before engaging in business discussions. Ensure propositions are very specific and detailed.	RGI#6_6
Negotiating skills	Tend to be focused on tactical approaches and methods include positional bargaining based on seminal works such as "*Getting to Yes*" and using techniques such as *'BATNA'*.	Retain these skills and enhance with an understanding of negotiating approaches from KSA.	Develop skills in negotiating from a holistic perspective and in how to effectively handle emotionally intensive negotiations.	RGI#10_6
Relationship building	Focused on building professional relationships as distinct from personal and social relationships.	None	Focus on building genuine personal relationships before engaging in business relationships.	RGI#4_10 RGI#11_6
Technical knowledge	Deep technical knowledge of Products and Services being sold and delivered.	Retain these skills	Ensure propositions are very specific and detailed and where possible provide examples, samples and mock-ups.	RGI#3_9
Communications skills	Strong written, verbal and presentational skills	Retain these skills but focus on strong verbal and presentational skills	KSA has a very strong verbal and story-telling tradition, and this is the primary business communications channel. Develop this skill-set as a priority.	RGI#9_4
Customer and market analysis	Detailed quantitative analysis of customers and markets	Retain these skills	Supplement with insight associated with personal, social and family networks and affiliations.	RGI#4_2
KSA Specific Practice Key Account Manager skills, competencies and attributes				
Seniority	Senior management is involved in KAM activities but tends to be 'hands-off' in their approach.	Involvement of senior management	Senior management must be visible and 'hands-on' in the approach to engaging with Saudi customers.	RGI#4_7 RGI#8_3 RGI#9_5
Family and Social background	Not relevant	None	Develop knowledge and understanding of the role of Wasta and Et-Moone. Develop a network of contacts and engage in social and personal relationship development before engaging in business discussions.	RGI#1_4
Ethnicity	Not relevant	None	Develop an appreciation of the social context of KSA including the history and traditions of the country and its people.	RGI#10_2
Religion	Not relevant	None	Develop an appreciation of Islam and its role in the lives of Saudis and its influence on the social and business fabric of KSA.	RGI#9_9
Qualifications	KA Managers should be well qualified and have additional training across a broad range of topics to ensure that they operate effectively in the role of KA Manager.	Retain the focus on qualifications and training	Specific training to enable the acculturation process to occur smoothly and to include: cultural and social awareness, language skills and relationship building skills tailored to KSAs collectivist orientation.	RGI#3_10 RGI#9_9

* Denotes linkage to qualitative findings emerging for Repertory Grid interviews. For example, ***RGI#5_2***, explains that the findings emerged from Repertory Grid Interview No. 5, elicited construct number 2, and the associated qualitative data obtaining using the '*pyramiding*' technique.

6.4 Implications for practice

This Chapter has identified and discussed several implications for the practice of KAM by Western MNCs, in the KSA B2B market, that fall into two broad themes: the dynamics of building B2B relationships in KSA; the resulting adaptations required to the practice of KAM by Western MNC.

The implications for practice associated with the dynamics of building B2B relationships in KSA acknowledges that the mechanics of relationship development, from the perspective of a Saudi customer, are very different from that of Western MNCs. As explained in this study, the very distinct differences between collectivist and individualistic cultures mean that relationships develop, and are maintained, in very different ways and on different timescales and with very different results. For Western MNCs, this requires a fundamental rethink of how to engage customers in ensuring that the relationship is efficacious and ultimately delivers the required results. This rethinking of the relationship dynamic must involve: understanding how to build a genuine relationship based on interpersonal liking and shared values; being comfortable with ambiguity in timescales and the speed of progress and accepting the role of Wasta and Et-Moone in assisting with the development of social networks.

Tables 6.2, 6.3 and 6.4 above describe that adaptations necessary to the practice of KAM by Western MNC for the KSA market.

6.5 Chapter summary

The purpose of this Chapter was to critically evaluate the findings taken from the results of the data analysis, along with the literature review, in addressing the research aim while also presenting contributions to practice and supporting theory.

The Chapter is presented in four main sections. In the first, the efficacy of KAM practices used by Western MNCs was discussed. The second section considered the B2B relationship development dynamics between Western MNCs and Saudi customers. The third section discussed the extent of

adaptation needed by Western MNCs to improve the efficacy in the use of KAM in the KSA B2B market. The final concluding section considered the implications for practice.

The next Chapter concludes this study with the presentation of the conclusions.

Chapter 7 – Conclusion

7.0 Introduction

This Chapter concludes this DBA study with a review of how the research aim and objectives were met, sets out the contributions made to the practice of relationship marketing and highlights areas for future research. This chapter finishes with the researcher's concluding remarks.

7.1 Addressing the research aim and objectives

The context and motivations for conducting this study, as discussed in Chapter 1, led to the creation of the overall research aim:

> ***"With a view to developing a more dynamic and contextualised framework, the primary aim of this DBA is to investigate the applicability of Western Relationship Marketing and Key Account Management principles for building B2B relationships in the KSA"*.**

As presented in Chapter 1, seven *Research Objectives* were used to provide a more operational structure to this DBA study in underpinning the research process. This section reviews how the research objectives were fulfilled.

Research objective 1: "To explore the extant literature in the areas of SET; CT, and RM theory, including the use of KAM by Western MNCs in operationalising B2B relationship marketing and develop an appropriate conceptual model (Chapter 2)".

Chapter 2 introduced the theoretical basis of this study which is situated at the intersection of RM theory with its interdisciplinary roots of SET theory (Finch et al., 2015) and CT (Samaha et al., 2014). Following an immersive approach to the literature review, Chapter 2 begins with a review of the contributions made by SET and CT to RM theory. Relationship marketing theory is then explored with an emphasis on the relationship development lifecycle; relationship constructs together with the use of KAM by Western MNCs in operationalising B2B relationship marketing. Closer inspection of this body of extant literature highlighted its Western orientation together with a dearth of literature addressing B2B relationship marketing in KSA.

Chapter 2 partially concludes with the development of propositions and an initial conceptual model reflecting the Western-oriented nature of the extant literature.

Research objective 2: ***"To critically review the extant literature describing the national, societal and business context of the KSA (Chapter 2)"***

Chapter 2 also critically reviewed the very limited extant literature describing the national, societal and business context of the Kingdom Saudi Arabia. The review was augmented by using Hofstede's dimensions of national culture by comparing several Western countries with KSA across the six dimensions. This highlighted that significant differences exist in three of the six dimensions: Power distance; uncertainty avoidance, and individualism. Chapter 2 finally concludes by presenting a framework illustrating the national, societal and business cultural gap that Western MNCs need to address in ensuring KAM when used in KSA is efficacious (see Figure 2.17).

Research objective 3: ***"Develop a suitable two-stage sequential mixed method research design that uses repertory grid interviews to collect qualitative data to inform the design of a survey instrument in Stage 1. The survey instrument is then used to collect quantitative data in Stage 2 (Chapter 3)"*****.***

Chapter 3 provided a detailed explanation of the philosophical and methodological approach taken together with details of the data collection and analysis methods used in this DBA study. The research design consisted of a two-stage sequential mixed method approach in a pragmatic research setting using an abductive logic. Stage 1 was concerned with predominately qualitative data collection using repertory grid interviews. The analytical objective of stage 1 was to inform the design of a survey instrument deployed in Stage 2, derive hypotheses and develop a conceptual model. In Stage 2 of the research process, a survey instrument was used to collect quantitative data which was analysed using a PLM-SEM modelling technique. The analytical objective of stage 2 was to understand the dynamic influence of the relationship constructs over the lifecycle of the relationship development process.

Research objective 4: ***"Use appropriate tools to analyse the collected qualitative data and present outcomes from Stage 1 (Repertory Grid interviews) of the research methodology (Chapter 4)".***

Chapter 4 presented the outcomes of the analysis of the repertory grid interviews. The primary analytical aim of this stage 1 of the research process was to collect rich qualitative data to inform the design of a survey instrument by using content analysis to derive relationship constructs considered important by Saudi managers. As explained in Chapter 4, the repertory grid process including the data collection and analysis was comprised of six steps, four of which were concerned with conducting the interviews and two with the analysis of the data collected. The primary means of analysing the qualitative data was to use Honey's procedure for content analysis (see Appendix A3.2), from which six relationship constructs were derived. The relationship constructs were then used to inform the design of a survey instrument in identifying pre-validated scale items, derive hypotheses (see Table 4.3) and develop a conceptual model (see Figure 4.6) that guided the quantitative data collection and analysis in Stage 2.

Research objective 5: ***"Use appropriate tools to analyse the collected quantitative data and present findings from Stage 2 (Survey Instrument) of the research methodology (Chapter 5)".***

Chapter 5 presented the results of the quantitative analysis using data collected using the survey instrument. The primary analytical aim of this stage 2 of the research process was to understand the influence of the relationship constructs (derived in Stage 1) over the relationship development lifecycle from the perspective of Saudi customers. As explained in Chapter 5, four analytical models were defined and used for the analysis of the quantitative data. Having presented the demographic analysis, the data was analysed initially for factor analysis and descriptive statistics using SPSS. PLS-SEM analysis was then carried out, using SmartPLS™, with the validity of the measurement model tested initially before analysing the structural model and testing the hypotheses. The results of the quantitative analysis provide a clear indication of how influential the relationship constructs are at each stage of the relationship lifecycle together with the strength of the relationship between each of the constructs.

Research objective 6: ***"To critically evaluate the findings taken from results from the data analysis, along with the literature review in order to present contributions to practice and supporting theory (Chapter 6)"*****.** Chapter 6 presents the contribution of this DBA study by providing detailed critical analysis of the nexus of extant empirical research presented in Chapter 2, with the analytical findings from data collected from participants and respondents based in KSA, in Chapters 4 and 5. Chapter 6 was presented in four sections. In the first, the efficacy of KAM practices used by Western MNCs was discussed. In the second section, the B2B relationship development dynamics between Western MNCs and Saudi customers was considered. The third section discussed the extent of adaptation needed by Western MNCs to improve the efficacy in the use of KAM in the KSA B2B market. The final section considered the implications for practice.

Research objective 7: ***"Present contributions from the study with an emphasis on practice and identify areas for future research (Chapter 7)"*****.** For the sake of completeness, this Chapter 7 addresses Research Objective 7, in concluding this DBA study.

7.2 Originality and contributions to practice and supporting theory

This DBA study's original contributions to practice and supporting theory consists of four interrelated components: 1. Adaptions to Western KAM capabilities; 2. A framework illustrating the cultural differences between Western MNCs and KSA customers; 3. The influence of relationship constructs by relationship stage, and 4. Conceptual models for each stage of the relationship development lifecycle.

The Adaptions to Western KAM capabilities and the framework illustrating the cultural differences between Western MNCs and KSA customers represent the principle contributions to practice. Whereas the influence of relationship constructs, by relationship stage, and conceptual models for each stage of the relationship development lifecycle, are principally theoretical and therefore represent contributions to supporting theory.

The interrelated nature of the four components described above is an important aspect of the overall nature of the contribution made by this study. The contributions to practice are derived from the theoretical and empirical

contributions which in turn are validated by the efficacy of the contributions to practice. So, while the four components provide valuable individual contributions, the package of the four taken together provide significant new insight and a fifth valuable contribution to RM theory and KAM practice.

Figure 7.1 below illustrates the points discussed above.

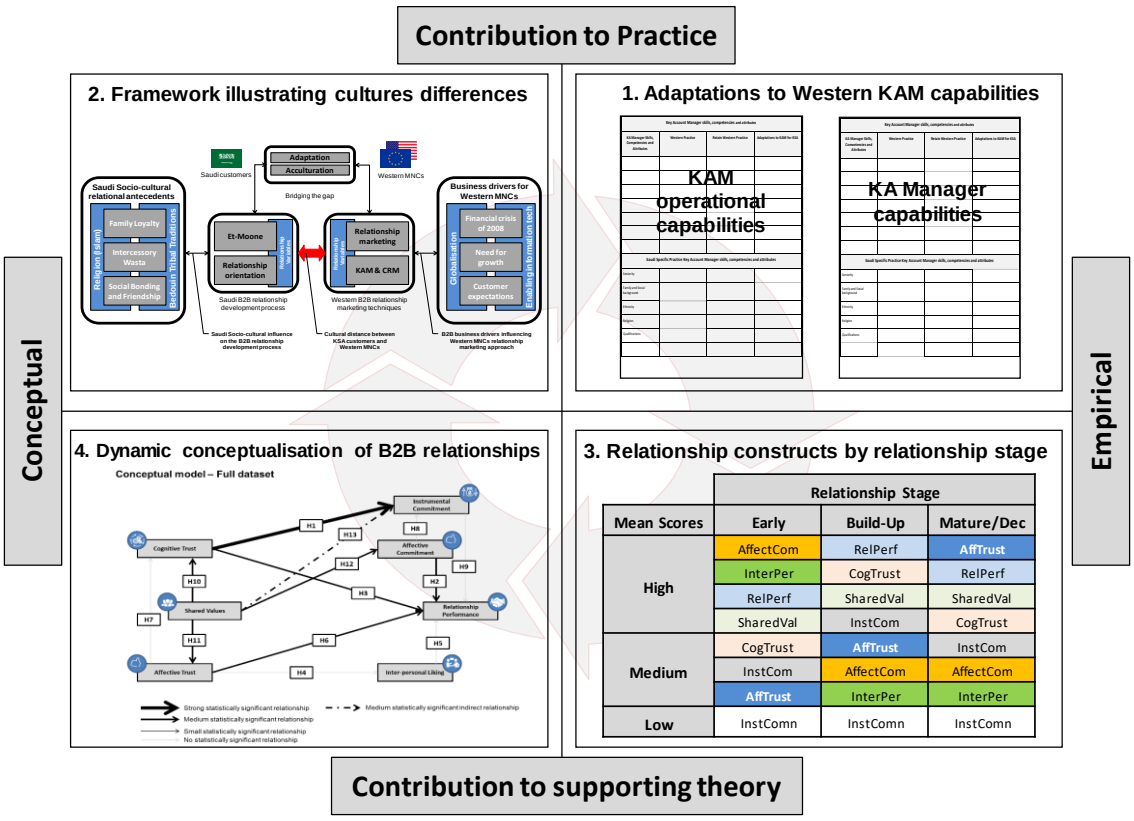

Figure 7.1: Illustration of contributions to practice and supporting theory

7.2.1 Contribution 1 - adaptations to Western KAM capabilities

The extant literature has an abundance of research, both conceptual and empirical relating to KAM in its various guises, dimensions and orientations. However, the vast majority of this research is conducted in a Western context and often in a single country study. KAM research conducted in developing countries is scarce and non-existent concerning KSA. Consequently, therefore, before this study, nothing existed to assist or guide practitioners engaging in relationship marketing activities in the KSA B2B market.

Adaptions to Western KAM capabilities is an empirical contribution to practice comprised of two sub-components. The first provides a detailed description of adaptations to the current Western operational KAM capabilities (see Tables 6.2 and 6.3) as described in Chapter 2. This contribution will enable Western MNCs

to make adaptations to policies, procedures, process and organisational models in making KAM more efficacious and aligned to Saudi customer expectations. The second provides a detailed description of adaptations suggested to the skills and capabilities of Western KAM managers (see Table 6.4) to enable them to operate effectively in KSA. This will be of value to Western MNCs in two ways. First, in the selecting and recruiting of KA Managers to work specifically in KSA. However, the use of this contribution could be expanded for use in similar contexts with other collectivist countries. Second, for use in the training and development of current KA Managers in raising their awareness of this issues posed by working in countries very different national cultures.

7.2.2 Contribution 2 - A framework illustrating the cultural differences

The extant literature has a complete dearth of research describing to how Western MNCs conduct business in KSA. Indeed Ali (2009) states forcibly that this is an area of research that has been ignored by academics for 30 years. Therefore, as with Contribution 1, nothing exists to guide or assist Western practitioners in preparing for relationship marketing activities in KSA.

Contribution 2 is a conceptual contribution to practice in illustrating the starkly different national, social, societal and business cultures between Western MNCs and Saudi customer organisations. The value of this contribution to practice is manifest in several areas. For example, the researcher has used this framework as part of internal communications; briefings to various staff groups including sales and project teams; senior management, and as part of staff training and awareness exercises. This framework has proven to be effective and efficient in assisting practitioners rapidly assimilate the nature and extent of the cultural differences in establishing a '*consciously incompetent'* status.

7.2.3 Contribution 3 - The influence of relationship constructs by relationship stage

As explained in Chapter 2, Wilson's (1995) seminal conceptual study identified that relationship constructs would play a more active, or passive, role depending what stage of the relationship development process that activity is occurring. Other empirical studies have also conceptualised the different dimensions of trust and commitment, however much of this research is contradictory, confusing an already complex landscape, and does not,

therefore, provide helpful guidance to practitioners. To add to the limitations of the extant research, much of it is again set within a single country study in a Western context, making its relevance to this study even more remote.

Contribution 3 is, therefore, a valuable empirical contribution to literature and supporting theory. It provides important insight into which relationship constructs are important to Saudi customers, and wherein the relationship development lifecycle they are most active and influential (See Table 5.11). This contribution is considered particularly valuable as these findings are the polar opposite of what is described in the extant literature from a Western perspective. The implications of this insight flow into Contribution 1 above, informing the adaptions to KAM operational practice.

7.2.4 Contribution 4 - Dynamic conceptualisation of B2B relationships for each stage of the relationship development lifecycle

Contribution 4 is a valuable conceptual contribution to supporting theory. As explained in Chapter 5, four analytical models were used to analyse the quantitative data obtained from the survey instrument. Three of these models relate to the early, build-up and mature/decline stages of the relationship development lifecycle and provide useful insight into the strength and nature of the relationships between the relationships constructs in each stage.

7.2.5 Combined contribution

As discussed above, while each of the four individual contributions is valuable in and of themselves, it is the combined effect of the four as an integrated package of mutually reinforcing insights that generate significant originality from this research.

The overarching claim to practice, from this study, is that of *'transferability'* in that these findings and contributions are transferable to situations and context that demonstrate similar characteristics.

7.3 Limitations of this study

There are several limitations associated with this DBA study. Initially, the scarcity of relevant extant literature to guide the design and development of the study was problematic in two ways. First, as Ali (2009) points out, there has been very limited business-related research conducted in KSA for 30 years, meaning that there is a dearth of empirical insights to guide researchers or practitioners from a KSA practice perspective. Second, there is a vast body of research regarding RM and its operationalisation using KAM, but this is culture-bound in being strongly oriented to Western business practices, and therefore of limited utility to practitioners. The supporting theoretical underpinnings of SET and CT are similarly culture bound having been derived in Western individualistic cultural settings. This research has, therefore, had to rely on contributions made by Hofstede (1980), in initially using collectivist cultural norms as a proxy for understanding the behavioural traits of Saudis. While this ultimately proved to be satisfactory as a basis for deriving insight into behavioural norms, caution must be exercised by researchers in using this type of proxy. Countries with similar scores on Hofstede's dimensions, cannot be assumed to be similar. For example, Saudi and Mexico have very similar scores and are both regarded as strongly collectivist cultures. However, Saudi and Mexico have very different social, cultural, religious and historical traditions and backgrounds which would need to be taken into consideration in repeating this study.

Second, this is a single country study, and therefore no claims to generalisability of the findings can be made. It is posited, however, that the findings are transferable to B2B business relationships in a similar context, for example between MNCs from the West and other collectivist cultures.

Third, the findings represent customer-centric perspective views only, from Saudi nationals working in Saudi owned or controlled enterprises covering a range of economic sectors across the Saudi economy, including both private and public sectors. Due to the constraints of this study, it has not been possible to determine whether discernible differences exist between different sectors. For example, whether the private sector is more Western orientated than the public sector (or vice versa), which would result in a more focused and nuanced approach to the adaptations described in Chapter 6. Also, no views have been

obtained from Western MNC supplier organisations operating in the KSA market.

7.4 An agenda for potential future research

There are several areas for future research arising from this study.

Building on the limitations described in Section 7.3 above, as called for by Ali (2009), there is an urgent need for business-related research in KSA to guide practitioners, both customers and suppliers, in how to conduct business in a manner that is achievable and sustainable for all parties.

Future research should also consider research from both the customer and supplier perspectives, in order to provide a more holistic understanding of the challenges faced on both sides of the dyadic relationship.

More specifically, future research should also be aware of two main issues related to the adaptation of scales in cross-national research. First, measurements of relational constructs that were developed within a specific national culture need to be thoroughly examined before adoption in any research within different cultures. Second, full adoption of the entire scale may not suit the way in which a construct is defined in different cultures. Thus, care needs to be taken when considering the full adoption of a scale. Additional indicators to the adopted scale should be considered as one may need these indicators, especially when the adopted scale does not meet expectations. Finally, methodologically, consideration should also be given to the use of '*Best-Worst'* scaling as a means of ameliorating the potentially distorting effects of cultural bias in establishing a more reliable test of validity (Massey et al., 2015).

7.5 Concluding remarks

The aim of this DBA study has been to investigate B2B relationships in the Kingdom of Saudi Arabia between Western MNCs and Saudi customer organisations. The above chapter has brought a conclusion to this study. Through reviewing the research aim, this has provided a greater understanding of how the overall research aim has been addressed, allowing a number of practical recommendations to be presented. This led to outlining the different areas that this study has contributed to the extant research. Nevertheless, the limitations associated with this research were discussed before highlighting areas for future research.

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Appendices

Appendix A2.1 – Frequency analysis of relationship constructs

The relationship constructs emerging from the SET literature are summarised in the table below, a frequency analysis of which identifies the following in order of the most referred to in this body of SET literature: *Trust; Dependence; Norms, Commitment, Cooperation* and lastly *Satisfaction.*

	Relationship constructs referenced in SET literature																			
Articles references relationship constructs	**Trust**	**Cooperation**	**Satisfaction**	**Dependence**	**Communication**	**Norms**	**Comparison Level**	**Comparison Level_alt**	**Commitment**	**Reputation**	**Issue Stakes**	**Deserved Rewards**	**Long-term orientation**	**Normative Contracts**	**Shared Values**	**Mutual Goals**	**Interdependent**	**Performance satisfac'n**	**Adaptation**	**Structural bonds**	**Social bonds**
Anderson, 1995	X																				
Anderson & Nanus, 1984		X	X																		
Anderson & Nanus, 1990	X	X	X	X	X																
Anderson et al, 1994	X	X				X	X	X													
Anderson & Weitz, 1989	X									X											
Anderson & Weitz, 1992									X	X											
Claycomb & Franwick, 1997	X																				
Dant & Schull, 1992				X																	
Dant & Schull, 1992											X										
Dwyer et al, 1987	X			X		X			X												
Frazier, 1983		X	X	X								X									
Frazier & Summers, 1984				X																	
Gaski, 1984			X	X																	
Gaski & Nevin, 1985			X																		
Gassenheimer et al, 1998				X		X															
Gundlach et al, 1995						X			X				X								
Gundlach & Cadotte, 1994				X																	
Gundlach & Murphy, 1993	X					X			X												
Gundlach, Achol & Mentzer, 1995	X					X			X												
Hakansson & Wootz, 1979	X																				
Hallen et al, 1981				X																	
Heide, 1994				X																	
Heide & John 1988				X																	
Heide & John 1988				X		X															
Houston & Gassenheimer, 1987	X					X															
Lusch & Brown, 1996				X		X							X	X							
Moorman, Deshpande & Zaltman, 1993	X																				
Morgan & Hunt, 1994	X	X			X				X						X						
Nevin, 1995	X			X		X															
Ring & Van de Ven, 1994	X																				
Schurr & Ozanne, 1995	X	X																			
Smith & Barclay, 1997	X		X																		
Wilson, 1995	X	X							X							X	X	X	X	X	X

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Appendix A2.2 – Hofstede's dimensions of national culture

Individualism: The fundamental issue addressed by the *Individualism* dimension is the degree of interdependence a society maintains among its members. It has to do with whether the self-image of people in society is defined in terms of *"I"* or *"We"*. In Individualist societies people tend to look after themselves and their direct family only. In a collectivist society, at the opposite end of the spectrum, people belong to '*in groups'* that takes care of them in exchange for loyalty (Hofstede, 1980). The higher the score, the more individualistic a national culture is deemed to be, and conversely the lower the score, the more collective the national culture (Hofstede & MaCrae, 2004).

Power Distance: The *Power Distance* dimension addresses the fact that all individuals in societies are not equal and it, therefore, expresses the attitude of the national culture towards these inequalities. *Power Distance* is defined as the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally (Hofstede, 1980). The higher the score, the more accepting a society is deemed to be of these societal inequalities, and conversely the lower the score, the less accepting of these inequalities and societal hierarchical structures in general (Hofstede & MaCrae, 2004).

Uncertainty Avoidance: The *Uncertainty Avoidance* dimension is concerned with the way that a society deals with the fact that the future can never be known and whether a society should try to control the future or just let it happen. This ambiguity brings with it anxiety and different cultures deal with this anxiety in different ways. The extent to which the members of a national culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these is reflected in the score on *Uncertainty Avoidance* (Hofstede, 1980). The higher the score, the greater the societal anxiety and stress when faced with uncertain and ambiguous situations (Hofstede & MaCrae, 2004).

Masculinity: A high score on the '*masculinity*' dimension indicates that the society will be driven by competition, achievement and success, with success being defined by who wins. A low score on this dimension means that the dominant values in society are caring for others and quality of life, which is

regarded as a feminine trait. A *feminine* society is one where the quality of life is the sign of success and standing out from the crowd is not admirable. The fundamental issue here is what motivates people, wanting to be the best (*Masculine*) or liking what you do (*Feminine*) (Hofstede, 1980).

Long-Term Orientation: This dimension describes how every society has to maintain some links with its past while dealing with the challenges of the present and future, and societies prioritise these two existential goals differently. In normative societies, which score low on this dimension, prefer to maintain time honoured traditions and norms while viewing societal change with suspicion. Those with a culture which scores high on *Long-Term Orientation*, on the other hand, take a more pragmatic approach: they encourage thrift and engagement in education as a way to prepare for the future (Hofstede & Bond, 1988; Hofstede & MaCrae, 2004).

Indulgence: This dimension is defined as the extent to which people try to control their desires and impulses, based on the way they were raised. Relatively weak control is called “Indulgence”, and relatively strong control is called “Restraint”. Cultures can, therefore, be described as Indulgent or Restrained (Hofstede & MaCrae, 2004; Hofstede et al., 2010).

Notwithstanding the seminal nature of Hofstede’s contribution to defining national culture, his study and its findings have been subject to abundant, sustained and comprehensive criticism and his study remains controversial even today (Jones, 2007). The wide-ranging criticism of Hofstede’s study includes a number of generic themes including *Relevancy*. Many researchers suggest that a survey instrument was not the most appropriate means of accurately determining and measuring cultural differences (Schwartz, 1999); *Cultural Homogeneity*. Hofstede’s study assumes that a national population is homogeneous, whereas most nations are a collective of different ethnic groupings (Redpath, 1997). *National Borders*. Academics argue that nations are not appropriate units of analysis because cultures are not bounded by geopolitical borders (DiMaggio, 1997; McSweeney, 2000). *Political influence*. Hofstede’s study was conducted at a point in time that was dominated by the cold war and communistic insurgencies in Europe, Africa and Asia. His study may have been adversely influenced by the political context of this period, while also lacking samples from the socialist/communistic block of countries

(Sondergaard, 1994; Newman, 1996). *One Company Approach.* A study based entirely on the employees of a single company is inadequate in describing the entire cultural system of a country it is argued by Hofstede's antagonists (Graves, 1986; Sondergaard, 1994; Olie, 1995). *Out-dated.* Some academics claim that the study is too old and cannot now reflect the enormous shifts that have occurred across the world since the late 1960s (Magnusson et al., 2008; de Mooij, 2013). *Too few dimensions.* Six dimensions are insufficient in providing adequate information to fully discern a national culture (McSweeney, 2000). *Statistical integrity.* Some academics have challenged the statically integrity of Hofstede's model, and method as not all of the dimensions of national culture emerged statistically in all countries (Dorfman & Howell, 1988; Furrer, 2000; Magnusson et al., 2008). *Limited theoretically grounding*. McSweeney (2002) argues that the cultural dimensions were extracted from an internal company survey that was developed with limited theoretical grounding (McSweeney, 2002).

Despite the abundant criticism, the concerns relating to the age, and therefore the relevance and temporal stability of Hofstede's (1980) dimensions of national culture, is addressed in a study by Bergelsdijk et al., 2015. As countries undergo social and economic development, modernisation theory predicts changes in cultural values, which in turn affect countries' scores on Hofstede's dimensions (Bergelsdijk et al., 2015). This gives rise to doubts regarding the continued relevance of Hofstede's dimensions for academics and practitioners (Inglehart, 1997; Bergelsdijk et al., 2015). Bergelsdijk et al. (2015) examines how country scores on Hofstede's dimensions have developed over time by replicating Hofstede's dimensions for two birth cohorts using data from the World Values Survey (World Values Survey Association, 2009). Their results show that countries' scores on the Hofstede dimensions relative to the scores of other countries have not changed by very much. Therefore, they conclude that cultural differences between nations are stable over time and Hofstede's dimensions are still relevant (Bergelsdijk et al., 2015).

Appendix A3.1 – Prior empirical studies

The purpose of this appendix is to provide the details of prior studies that provide the theoretical, methodological and empirical basis of this study.
All four studies explore the influence of relationship constructs over the relationship development lifecycle in the context of B2B relationship marketing.
The four empirical studies, shown below, use pre-validated scales in collecting data using a survey instrument which are then analysis quantitative structural equation modelling.

	Existing Literature – Relational Constructs across the stages of the relationship development process			
	Jap & Ganesan (2000)	**Terawatanavong et al (2007)**	**Claycomb & Frankwick (2010)**	**Dowell et al (2015)**
Method	Survey Instrument	Survey Instrument	Survey Instrument	Survey Instrument
Sampling Method	Stratified Random	Stratified Random	Not stated, but Stratified Random inferred	Stratified
Response Rate	40%	28.4%	17.7%	44%
No. Responses	1457	162	174	380
Country of Study	USA	Thailand	USA	Australia
Context	B2B	B2B	B2B	B2B
Likert Scale	7 Point	7 Point	7 Point	Not stated
Perspective	Buyer's	Buyer's	Buyer's	Buyer's
No. of scale items	57	29	16	30
Unit of Measure	Relationship with Supplier	Buyer's perspective in assessing business relationships at the organisational level.	The relationship between buyer and one of its key suppliers.	Buyer's relationship with Supplier.
Key reference for relationship stages	Dwyer et al, 1987	Dwyer et al, 1987; Wilson, 1995	Dwyer et al, 1987; Wilson, 1995	Claycomb & Frankwick, 2010
No. of Stages	4 (Tick relevant Stage)	3	4	2
Stages used	Exploration, Build-up, Maturity, Decline	Build-up, Maturity, Decline/Deterioration	Awareness, Exploration, Expansion, Commitment	Early, Mature
Incorporation of Stages into SI	Each respondent identified the Stage that described their relationship with the supplier by ticking a box corresponding to one of the 4 Stages.	Incorporated as a Categorical variable with each respondent identifying the Stage that described their relationship with the supplier by ticking a box corresponding to one of the 3 Stages.	Each respondent identified the Stage that described their relationship with the supplier by ticking a box corresponding to one of the 4 Stages.	Effectively two surveys in one with questions asked for the Early stage and Mature stage relationships separately.
Focus of SI	Single Supplier	Single Supplier	Single Supplier	Two Suppliers
SEM used?	Yes	Yes	Yes	Yes
Research Objective	Improve the potential of idiosyncratic investments through effective deployment of control mechanisms over the relationship lifecycle.	Explore how relational constructs impact the buyer's satisfaction across the relationship lifecycle.	Interaction theory used to test a model examining interactions and relationship characteristics during the relationship development process.	Examine the effects of affective trust and cognitive trust on business relationship outcomes.
Dependant Variables (Outcomes)	Relationship Satisfaction; Conflict Level;	Relationship Satisfaction	Relationship specific investments; Buyer Uncertainty	Performance
Moderating/ Mediating Variables	Relationship Stage, Control mechanisms	Relationship Stages (Build-up, Maturity and Decline/Deterioration)	Seller reputation	Trust, Commitment, Liking
Independent Variables	Supplier value	Relational constructs: Total interdependence, Trust, Supplier commitment, Cooperation norms, Conflict	Communication quality, Joint problem solving, Severe conflict resolution	Competency, Integrity, Goodwill, Relational, Intuitive

Relevant empirical studies

Scales used in the studies referenced above are described below.

Scale used in Jap & Ganesan, 2000		
Scale	**No. of items**	**Adapted from.....**
Retailer's specific investments	7	Cannon, 1992
Relational Norms	12	Dwyer et al, 1987.
Explicit Contracts	3	New Scale
Supplier's specific investments	2	Anderson & Weitz, 1992
Supplier Commitment	6	Anderson & Weitz, 1992
Supplier performance	4	Kumar, Stern & Achrol, 1992
Level of Conflict	3	Kumar, Stern & Achrol, 1992
Satisfaction with Financial returns	1	Ruekert & Churchill, 1984
Satisfaction with Products	4	Ruekert & Churchill, 1984
Satisfaction with Sales Reps	4	Ruekert & Churchill, 1984
Relationship Stages	(Categorical)	Dwyer et al, 1987
Dependence on Supplier	4	New Scale
Perception of Supplier Dependence	4	New Scale
Control Variables	3	New Scale
Scale used in Terawatanavong et al (2007)		
Scale	**No. of items**	**Adapted from.....**
Trust	5	Doney & Cannon, 1997
Supplier Commitment	3	Jap & Ganesan, 2000
Cooperative Norms	3	Baker et al, 1999
Conflict	3	Kumar et al, 1992
Buyer's dependence	3	Jap & Ganesan, 2000
Supplier's dependence	3	Jap & Ganesan, 2000
Relationship Satisfaction	7	Jap & Ganesan, 2000
Relationship stages (Categorical)	(Categorical)	Jap & Ganesan, 2000
Scale used in Claycomb & Frankwick (2010)		
Scale	**No. of items**	**Adapted from.....**
Relationship specific investments	4	Heide & John, 1990
Buyer certainty	3	McCabe, 1987
Information exchange: Communications quality	3	Mohr & Spekman, 1994
Joint Problem Solving	1	Mohr & Spekman, 1994
Severe conflict resolution	3	Mohr & Spekman, 1994
Reputation	2	Anderson & Weitz, 1992
Relationship stages	(Categorical)	Dwyer et al, 1987.
Scale used in Dowell et al (2015)		
Scale	**No. of items**	**Adapted from.....**
Contract Trust (Cognitive)	4	Sirdeshmukh et al, 2002
Goodwill Trust (Cognitive)	4	Ganeson, 1994
Competence Trust (Cognitive)	4	Ganeson, 1994
Relational Trust (Affective)	4	McAllister, 1995
Intuitive Trust (Affective)	4	Morrow et al, 2004
Relationship Commitment (Affective)	3	Morgan & Hunt, 1994
Liking	3	Nicholson et al, 2001
Relationship performance	4	Morrow et al, 2004
Relationship stages	-	New Scale

The use of SEM modelling in the studies referenced above are described below.

Scale used in Jap & Ganesan, 2000		
SEM Approach	**No. of Hypotheses**	**No. of Variables in model**
Item analysis and exploratory factor analysis are used to assess and purify the measures. Then subject to confirmatory factor analysis	13	13

Scale used in Terawatanavong et al (2007)		
SEM Approach	**No. of Hypotheses**	**No. of Variables in model**
The measures were purified through confirmatory factor analysis.	7	8

Scale used in Claycomb & Frankwick (2010)		
SEM Approach	**No. of Hypotheses**	**No. of Variables in model**
Tested the unidimensionality of constructs using confirmatory factor analysis.	6	5

Scale used in Dowell et al (2015)		
SEM Approach	**No. of Hypotheses**	**No. of Variables in model**
Use of competing SEM models strategy with best fitting model selected. 3 models were tested using the two-step approach of measurement models followed by structural model (Anderson & Gerbing, 1988).	15	8

Appendix A3.2 – Honey's (1979) procedure for Content Analysis

Honey's (1979) procedure for Content Analysis used for repertory grid analysis, and applied in this study is described below:

1) Ratings were obtained on a supplied 'overall' summary construct;
2) The sums of differences for each construct were calculated against the supplied 'overall' summary construct;
3) Compatibility across all eleven grids was ensured turning the sums of difference into percentage similarity scores;
4) The constructs within each grid were annotated with a High, Intermediate or Low (H-I-L) index (what Honey calls the top-and-tail data) using the percentage similarity scores;
5) Each construct was then labelled with both the percentage similarity scores and H-I-L indices;
6) The different categories were then identified as described in 7 below;
7) The constructs were then allocated to the categories using the following sub-procedure:
    a. Each of the elicited constructs was allocated to a category using the following sub-procedure:
        i. Where a construct was in some way similar to the first item, the two are placed together in a single category;
        ii. If a construct is different to the first construct, the two constructs are allocated to separate categories;
        iii. The remaining constructs were compared with, and allocated to the appropriate category if it existed;
        iv. New categories were created as required with the existing categories redefined and their constructs reallocated accordingly, hence the use of the Bootstrapping procedure.
        v. The results were then tabulated.
8) The table of categories was then summarised: first, by the meaning of the category headings; then, using examples of each category heading; and finally, by the frequency under the category heading.
9) The results were tabulated;
10) The reliability of the established category system was established using the following sub-procedure:
    a. A colleague was asked to repeat steps **i** to **v** above independently;

b. Categories that were agreed on and disagreed on were identified;
c. The joint allocation of the constructs was recorded;
d. The extent of the agreement on the constructs and category system was measured using an index;
e. Following on from which the revised category system was created with an acceptably high reliability;

11) The category headings were defined and summarised in a table;
12) Examples of each category headings were identified. Within each category, the constructs were sorted using their respective percentage similarity scores. The constructs were reviewed again using the H-I-L indices in identifying salient constructs;
13) The results were summarised with the frequency stated under the category headings;
14) Differential analysis and the associated statistical tests were completed.

Appendix A3.3 – Survey instrument

Northumbria University
Newcastle Business School
CCE1, City Campus,
Newcastle-upon-Tyne
March 2016

Research Study Respondent Information Sheet – Participation in Survey

Study Title: The use of Western Relational-oriented selling approaches in the Kingdom of Saudi Arabia

Name of Researcher: Simon Derbyshire

I would like to invite you to take part in my research study. Before you decide I would like you to understand why the research is being done and what it would involve for you.

The researcher, Simon Derbyshire, is a Capgemini employee undertaking a Doctorate in Marketing, at Newcastle Business School.

What is the purpose of the study?
The primary aim of this research is to carry out a critical investigation into business-to-business- (B2B) relationships in the Kingdom of Saudi Arabia, and a contextualised approach to Key Account Management and Customer Relationship Management.

Why have I been invited?
You have been invited to participate because you have been identified as a senior executive of a Saudi company that has significant experience in working with Western Multinational Corporations in the capacity of a customer.

What will happen to me if I take part?
The survey process will take approximately 10 minutes to complete.

What will I have to do?
All I ask is that if you choose to participate in the survey is to indicate your answers to the survey statements as clearly and as accurately as you can. None of the answers you provide will be considered incorrect.

Will my taking part in the study be kept confidential?
Yes. The research project will be treated as confidential; your participation will be anonymous, all data will be securely stored and managed and will then be destroyed at the end of the project.

What will happen to the results of the research study?
The research report resulting from the study may be published and made publically available.

Who has reviewed this study?
Research conducted at Newcastle Business School is looked at by independent group of people, called a Research Ethics Committee, to protect your interests. This study has been reviewed and approved by Newcastle Business School Research Ethics Committee.

What will happen if I don't want to carry on with the study?
Respondents involved in the survey process will be able to withdraw at any point up to the conclusion of the survey itself. Once the survey is complete, the data will be analysed and at this point it will not be possible to withdraw any specific individual's personnel contributions to the research project as they will be amalgamated with other data. If a respondent withdraws before the end of the survey process, all data collected during the survey up to that point will be destroyed.

Do I have to take part?
It is entirely up to you to decide to join the study.

If you agree to take part in the survey, I will then ask you to sign a consent form.

If you are participating in this survey through the online Qualtrics survey tool, by clicking 'proceed' you acknowledge that you have read and understand that:

1. Your participation in this survey is voluntary. You may withdraw your consent and discontinue participation in the research project, and

2. You have given consent to be subject to this research.

Do you wish to participate in this study?

- Yes, I wish to particulate - click 'proceed'
- No, I do not wish to participate - please logon out of the survey and disconnect from Qualtrics

What if there is a problem?
If you have a concern about any aspect of this study, you should ask to speak to the researcher or their supervisor, who will do their best to answer your questions (see below for contact details).

Contact details:

Principle Supervisor

Dr Matthew Sutherland
Northumbria University
Newcastle Business School

matthew.w.sutherland@northumbria.ac.uk

Direct telephone +441912273271

Researcher

Simon Derbyshire
Northumbria University
Newcastle Business School

simon.derbyshire@northumbria.ac.uk

Direct telephone +966548552744

Survey completion instructions

The following instructions are provided to help you complete the survey.

The Survey has three Sections.

For Sections 1 and 2, we ask that you base your responses on recent experience you have had with a specific single Western MNC. When providing a response, I am interested in your own personal perspective and not that of the organisation you work for.

In Section 1, ***Relationship Development Stage***, we ask that you identify the stage that you are currently in with your Western MNC, from a five-stage process defined by Jap & Ganesan, (2000).

In Section 2, ***Relationship Constructs***, we ask that you respond to the statements using the seven-point scale that best describes your relationship with your Western MNC, at the stage of the relationship that you indicated in Section 1.

In Section 3, ***Background of Respondents***, we ask you to provide basic background information about you, your role and your professional experience. This data will be helpful in determining whether there are differences between different Sectors or experience levels.

Throughout the survey if you have additional comments you wish to make, please provide them in the text box provided.

Section 1 – Relationship Development Stage

Please tick the box that best describes the stage of the relationship that you have with your Western MNC suppler.

Awareness	Exploration	Build-Up	Maturity	Decline/Deterioration

Awareness: Recognises that you and a Western MNC supplier may regard each other as potential partners, and that you subject to sales and marketing activities. At this stage, these actions are typically unilateral and mono-directional, instigated by the Western MNC supplier towards you.

Exploration: Describes the search stage in the relationship development lifecycle. As a customer, you are looking at the options of the various Western MNC suppliers available.

Build-up: In this stage, a decision is made to strengthen the relationship by engaging Western MNC supplier in some initial work to test their capability and whether the two organisations can work together.

Maturity: In this stage, you and your Western MNC supplier commit to each other, either implicitly or explicitly, that relational goods in the form of resources, assets and information will be provided in a consistent manner over time.

Decline/deterioration phase: The relationship is coming to an end either naturally or because of a breakdown in the relationship.

Please add any other comments you have in the box below.

Section 2 – Relationship Constructs

	When providing a response, I am interested in your own personal perspective and not that of the organisation you work for.	Completely Disagree	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree	Completely Agree
1	The Western MNC Supplier is committed to our relationship							
2	The Western MNC Supplier always have good intentions towards us							
3	The Western MNC Supplier invests in our relationship							
4	We enjoy working with our Western MNC Supplier							
5	The Western MNC Supplier is reasonable in pricing							
6	The Western MNC Supplier is prepared to make financial investment							
7	The Western MNC Supplier is more capable compared to other suppliers							
8	The Western MNC Supplier has a very good reputation, for quality, innovation & fairness							
9	We work with the Western MNC Supplier because there is no alternative							
10	It would be too costly to change our relationship with the Western MNC Supplier							
11	The other suppliers are more expensive than our Western MNC Supplier							
12	There is too much risk in changing our relationship with our Western MNC Supplier							
13	The Supplier's Account Manager has made sacrifices for us in the past							
14	The Supplier's Account Manager prioritises our needs above others							
15	The Supplier's Account Manager is very competent							
16	The Supplier's Account Manager is very dependable							
17	We freely share ideas, feelings and hopes with the Western MNC Supplier							
18	When I share problems with them, the Western MNC Supplier listens carefully							
19	When I share problems with them, they respond constructively and caringly							
20	My instincts tell me I can trust the Western MNC Supplier							
21	Our personal relationship improves our business relationship							
22	We would be friends without the business relationship							
23	I like my Supplier's Account Manager as much as my other friends							
24	I enjoy my Supplier's Account Manager company/presence							
25	This relationship has contributed to improving our business performance							
26	The performance of the relationship is improving over time							
27	We are getting the benefits we expected when we joined this relationship							
28	Overall I am satisfied with the performance from our relationship							
29	The existence of shared values contributes significantly to the performance of our relationship							
30	Having shared values increases the level of trust between us							
31	The existence of shared values increases the level of commitment from the Western MNC							
32	The presence of shared values enhances my relationship with the Western MNC Account Manager							
33	The current economic conditions in KSA make it difficult to trust that Western MNCs will deliver tangible benefits							
34	The current economic conditions in KSA provide too much risk and uncertainty for building relationships with Western MNCs							
35	Because of the current economic conditions in KSA I don't feel that I can trust Western MNCs							
36	Overall the current economic conditions in KSA make it difficult to build relationships with Western MNCs							

Section 3 – Background of Respondent

a. What is your highest qualification (E.g. Bachelor, Masters, Doctorate etc)?_____

b. How many years of work experience do you have?_____

c. What is your current role?_____

d. How many years of experience do you have in working with Western MNCs?_____

e. In what capacity have you worked with Western MNCs?_____

f. In what capacity have you experienced the sales and marketing activities of Western MNCs?

_____

g. What nationality are you?_____

h. In which sector do you work? (for example, Public Sector or Private Sector in IT etc)_____

i. Ease of completion of the Survey

Please rate the ease of completion of this Survey where 1 equates to exceptionally difficult and 7 to extremely easy and straightforward.

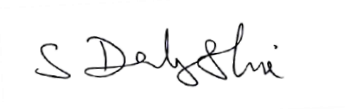
	1	2	3	4	5	6	7
Ease of Completion of the Survey							

(1 = Exceptionally difficult, 7 Extremely Easy).

Please add any other final comments you have in the box below.

I would like to thank you for taking the time to read the information sheet regardless of your decision to participate or not. If you decide to respond to this survey your consent will be sought by completion of a Consent Form or by continuing to complete the survey using the online Qualtric system.

Thank you.



Simon Derbyshire

Appendix A3.4 – Exploratory Factor Analysis procedure

The Exploratory Factor Analysis (EFA) functionality of SPSS was used to verify the content validity, reliability and factor stability of the proposed scales before launching the full survey. The procedure used within SPSS is described below.

- The SPSS variables used in this analysis are considered as ***Ordinal*** variables. Nominal variables are excluded from the analysis.
- Analyse → Dimension Reduction → Factor:
- Move the '*Ordinal'* Variables into the Variables box.
- Click '*Extraction':*
  - Method – 'Maximum Likelihood (Chi-square)'
  - Display – 'Unrotated Factor Solution' and 'Scree Plot'
  - Extract – Based on Eigenvalues greater than 1
  - Maximum iterations for Convergence: 25
- Click 'Factor Analysis: Rotation':
  - Method: Initially assume variables are not correlated: *Varimax,* and then run the analysis again using '*Direct Oblimin' (Field, 2005)*
  - Display: '*Rotated Solution'*.
- Click 'Factor Analysis: Descriptives'
  - Statistics: Univariate descriptive: initial solution
  - Correlation Matrix: Coefficients, Significance levels, Anti-image, KMO and Bartlett's test of sphericity.
- Click Factor Analysis: 'Options'
  - Missing Values: Exclude cases listwise
  - Coefficient Display Format: Sorted by size, Suppress small coefficients <0.4.
- Click Factor Analysis: 'Factor Scores'
  - Save as variables
  - Method: Regression
  - Display factor score coefficient matrix

The parameters used in determining the content validity, reliability and factor stability of the proposed scales, using SPSS, are described below:

- ***Data Screening*** *(Field, 2009)*
  - Check for data entry errors including all variables present and within the Likert scale ratings of 1 to 7.
  - Look for Univariate outliers:
  - Variables that don't correlate – R<0.3 - exclude
  - Check for multicollinearity – extreme correlation – R>0.9 – exclude
  - The remainder should correlate between R 0.3 to 0.89.
- ***Test of Sample Adequacy*** *(Field, 2009)*
  - Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy: **> 0.5** (Field, 2005)
  - Communalities: **all >0.3**
  - Bartlett's test of sphericity: **<0.05**
  - The diagonals of the anti-image correlation matrix: **all >0.5**
- ***Goodness of fit*** *(Field, 2009)*

    - Chi-Square statistics > **0.05**
- ***Reliability - Test of internal consistency*** *(Field, 2009)*
    - Cronbach Alfa: >**0.7** (Nunnally & Bernstein, 1994)

Appendix A5.1 – ANOVA Analysis of relationship constructs

To test the significance of the differences of the mean values across the relationship stages, an analysis of variance (ANOVA) was calculated, using SPSS.

The table below provides the descriptive statistics for the relationship construct data.

		N	Mean	SD	Std error	Lower bound	Upper bound	Minimum	Maximum
Relperf	**Early stage**	173	5.49	0.88	0.07	5.35	5.62	4	7
	Build-up stage	120	6.28	0.84	0.08	6.13	6.43	2	7
	Mature stage	218	6.48	0.70	0.05	6.39	6.57	2	7
	Total	***511***	***6.10***	***0.91***	***0.04***	***6.02***	***6.18***	***2***	***7***
Affcom	**Early stage**	173	0.00	0.00	0.000	0.00	0.00	4	7
	Build-up stage	120	0.00	0.00	0.000	0.00	0.00	3	7
	Mature stage	218	0.00	0.00	0.000	0.00	0.00	3	6
	Total	***511***	***0.00***	***0.00***	***0.000***	***0.00***	***5.14***	***3***	***7***
Instcom	**Early stage**	173	4.14	0.608	0.046	4.05	4.24	2	6
	Build-up stage	120	5.05	0.823	0.075	4.91	5.20	3	6
	Mature stage	218	4.56	0.550	0.037	4.49	4.63	3	6
	Total	**511**	**4.54**	**0.726**	**0.032**	**4.47**	**4.60**	**2**	**6**
Instcomn	**Early stage**	173	2.28	0.788	0.060	2.73	2.97	1	5
	Build-up stage	120	3.12	0.762	0.070	2.98	3.26	2	5
	Mature stage	218	2.67	0.941	0.064	2.54	2.79	1	6
	Total	**511**	**2.84**	**0.868**	**0.038**	**2.76**	**2.91**	**1**	**6**
CogTrust	**Early stage**	173	4.06	0.560	0.043	3.98	4.14	3	6
	Build-up stage	120	6.15	0.682	0.062	6.03	6.27	5	7
	Mature stage	218	4.54	0.688	0.047	4.45	4.63	3	6
	Total	**511**	**4.76**	**1.028**	**0.045**	**4.67**	**4.84**	**3**	**7**
AffTrust	**Early stage**	173	4.10	0.807	0.061	3.98	4.22	3	6
	Build-up stage	120	4.46	0.711	0.065	4.33	4.58	3	7
	Mature stage	218	6.60	0.667	0.045	6.51	6.69	2	7
	Total	**511**	**5.25**	**1.382**	**0.061**	**5.13**	**5.37**	**2**	**7**
Interper	**Early stage**	173	5.91	1.027	0.078	5.76	6.07	3	7
	Build-up stage	120	4.28	0.819	0.075	4.13	4.43	3	7
	Mature stage	218	4.33	0.645	0.044	4.25	4.42	3	6
	Total	**511**	**4.86**	**1.124**	**0.050**	**4.76**	**4.95**	**3**	**7**
Sharedval	**Early stage**	173	5.23	0.733	0.056	5.12	5.34	4	7
	Build-up stage	120	5.83	0.704	0.064	5.71	5.96	4	7
	Mature stage	218	5.80	0.726	0.049	5.71	5.90	2	7
	Total	**511**	**5.62**	**0.773**	**0.034**	**5.55**	**5.68**	**2**	**7**

Descriptive statistics from SPSS

The table below provides the results of Levene's test as to whether the variances of the three relationship stages are significant. For the results to be significant the value of 'sig' in the table below would be less than 0.05, and this would indicate that the results violate the assumption of homogeneity of variance. This is problematic in that it suggests something other than the stage of the relationship is contributing to the variance. As can be seen below in table, all values of 'sig' are greater than 0.05 and therefore the assumption of homogeneity of variance has not been violated.

	Levene Statistic	df1	df2	Sig.
Relperf	1.357	2	508	0.047
Affcom	0.752	2	508	0.540
InstCom	2.304	2	508	0.084
InstComn	3.077	2	508	0.070
CogTrust	1.761	2	508	0.172
AffTrust	1.316	2	508	0.269
Interper	1.078	2	508	0.305
SharedVal	0.135	2	508	0.874

Test of homogeneity of variances

The table below provides the ANOVA results from the analysis conducted in SPSS.

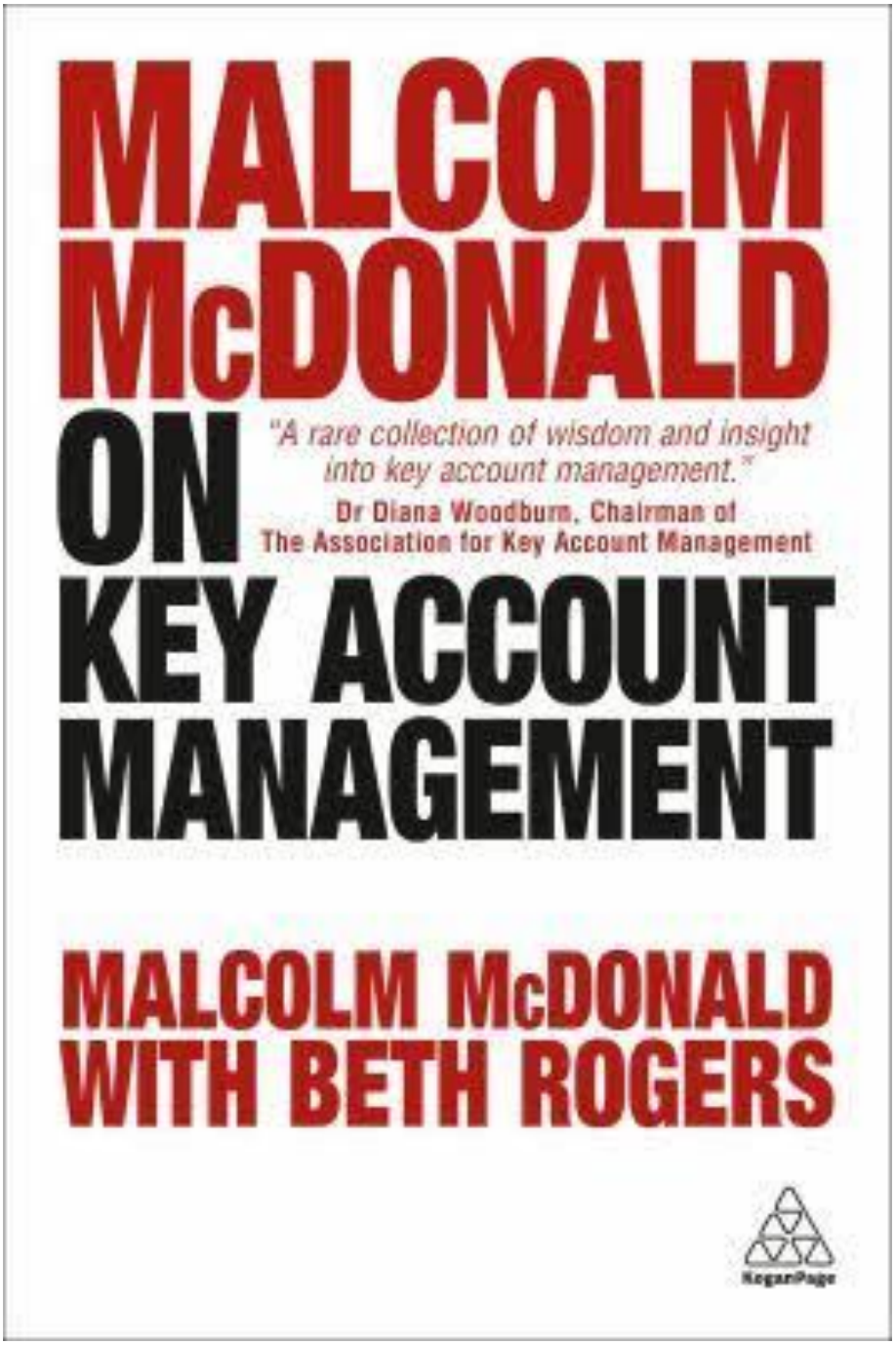
		Sum of Squares	df	Mean Square	F	Sig.
Relperf	Between Groups	101.008	2	50.504	79.873	0.000
	Within Groups	321.211	508	0.632		
	Total	422.219	510			
Affcom	Between Groups	375.961	2	187.981	287.229	0.000
	Within Groups	332.466	508	0.654		
	Total	708.428	510			
InstCom	Between Groups	58.868	2	29.434	71.188	0.000
	Within Groups	210.042	508	0.413		
	Total	268.911	510			
InstComn	Between Groups	15.978	2	7.989	11.028	0.000
	Within Groups	368.003	508	0.724		
	Total	383.981	510			
CogTrust	Between Groups	327.200	2	163.600	391.952	0.000
	Within Groups	212.038	508	0.417		
	Total	539.238	510			
AffTrust	Between Groups	704.861	2	352.431	666.296	0.000
	Within Groups	268.701	508	0.529		
	Total	973.562	510			
Interper	Between Groups	292.526	2	146.263	211.518	0.000
	Within Groups	351.277	508	0.691		
	Total	643.803	510			
SharedVal	Between Groups	39.172	2	19.586	37.454	0.000
	Within Groups	265.650	508	0.523		
	Total	304.822	510			

One-way ANOVA results from SPSS

All values of ‘sig’ are below 0.05 and therefore the mean values of the relationship constructs are considered statistically significant.

Appendix 8 – Contribution to New Book

The author provided a practitioner's contribution to the book shown below, which was published in 2017.



Appendix 9 – Informed Consent Template (Repertory Grid Interview)

Northumbria University
Newcastle Business School
CCE1, City Campus,
Newcastle-upon-Tyne

Date:_____

Research Study Consent form – Repertory Grid Interview

Study Title: The use of Western Relational-oriented selling approaches in the Kingdom of Saudi Arabia.

Name of Researcher: Simon Derbyshire	**Please tick the box**
I confirm that I have read and understand the information sheet provided for the above study. I have had the opportunity to consider the information, ask questions and I have had these answered satisfactorily.	☐
I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason, up to the point at which the data is analysed.	☐
I understand that data collected during the interview may be looked at by individuals from Northumbria University and others involved in the academic process associated with this research project. I give permission for these individuals to have access to the data I have provided during the interview process.	☐
I understand that this project is confidential and my anonymity will be fully protected and on this basis I agree to take part in the above study and interview process.	☐

Name of Participant: - Signature:

Name of Person taking consent: ***Simon Derbyshire.*** Signature: S Derbyshire

Contact details:

Principle Supervisor
Dr Matthew Sutherland
Northumbria University
Newcastle Business School
matthew.w.sutherland@northumbria.ac.uk
Direct telephone +441912273271

Researcher
Simon Derbyshire
Northumbria University
Newcastle Business School
simon.derbyshire@northumbria.ac.uk
Direct telephone +966548552744

Appendix 10 – Ethics Participant Information Sheet (Repertory Grid Interview)

Northumbria University
Newcastle Business School
CCE1, City Campus,
Newcastle-upon-Tyne
Date:_____

Research Study Participant Information Sheet – Repertory Grid Interviews

Study Title: The use of Western Relational-oriented selling approaches in the Kingdom of Saudi Arabia

Name of Researcher: Simon Derbyshire

I would like to invite you to take part in my research study. Before you decide I would like you to understand why the research is being done and what it would involve for you.

The researcher, Simon Derbyshire, is a Capgemini employee undertaking a Doctorate of Business Administration degree research project in Marketing, at Newcastle Business School.

What is the purpose of the study?
The primary aim of this research study is to carry out a critical investigation into Business-to-Business (B2B) relationships in the Kingdom of Saudi Arabia, and a contextualised approach to Key Account Management and Customer Relationship Management.

The secondary research aims as follows:

1. Explore the relationship development dynamics between Western Multinational Corporations (MNCs) and Saudi customer organisations.

2. Examine Key Account Management and Customer Relationship Management practices used by Western MNCs and their efficacy in building and maintaining relationships with Saudi customers.

3. Investigate the extent to which Western MNCs need to adapt their current practices to the Saudi market context.

4. Consider the extent to which corporate acculturation occurs and its role in a B2B relationship development context.

Why have I been invited?
You have been invited to participate because you have been identified as a senior executive of a Saudi company that has significant experience in working with Western Multinational Corporations in the capacity of a customer.

Do I have to take part?
It is up to you to decide to join the study. I will describe the study and go through this information sheet in person.

If you agree to take part in the interview process, I will then ask you to sign a consent form.

What will happen to me if I take part?
The interview process will be conducted in accordance with the procedure described in Appendix A. It is envisaged that the process will take up to 1 hour and may involve 1 or more of your colleagues.

You will be asked for permission to audio record the interview session. All notes made during the repertory grid interview process will be destroyed on completion of this research project.

What will I have to do?
All we ask is that if you chose to participate in the interview that you share your views and experiences as clearly and as accurately as you can.

Will my taking part in the study be kept confidential?
Yes. The research project will be treated as confidential; your participation will be anonymous, all data will be securely stored and managed and will then be destroyed at the end of the project.

What will happen to the results of the research study?
The research report resulting from the study may be published and made publically available.

Who has reviewed this study?
Research conducted at Newcastle Business School is looked at by independent group of people, called a Research Ethics Committee, to protect your interests. This study has been reviewed and approved by Newcastle Business School Research Ethics Committee.

What will happen if I don't want to carry on with the study?
Participants involved in the repertory grid interview process will be able to withdraw at any point up to the conclusion of the interview itself. Once the interview is complete, the data will be analysed and at this point it will not be possible to withdraw any specific individual's personnel contributions to the research project as they will be amalgamated with other data. If a participant withdraws before the end of the interview process, all notes and other data collected during the interview up to that point will be destroyed.

What if there is a problem?
If you have a concern about any aspect of this study, you should ask to speak to the researcher or their supervisor, who will do their best to answer your questions (see below for contact details).
Contact details:

Principle Supervisor
Dr Matthew Sutherland
Northumbria University
Newcastle Business School
matthew.w.sutherland@northumbria.ac.uk
Direct telephone +441912273271

Researcher
Simon Derbyshire
Northumbria University
Newcastle Business School
simon.derbyshire@northumbria.ac.uk
Direct telephone +966548552744

I would like to thank you for taking the time to read the information sheet regardless of your decision to participate or not. If you decide to participate in the repertory grid interview you will be given a copy of this information sheet to keep and your consent will be sought by completion of a Consent form.

Thank you.

Simon Derbyshire